Daily Report

Latin America

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Cuba

Alarcon: Migration Talks 'Serious,' 'Professional'

FL1807221695 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Jul 95

[From the "National Radio News"]

[FBIS Translated Text] The fourth meeting between U.S. and Cuban representatives, to monitor the progress of the migration agreements signed between the two countries, will conclude this afternoon. Our correspondents Perla Marina Alcober and Zenaida Costales are at the Convention Center with more details on the meeting.

[Alcober] The second and final day of the fourth round of talks, pursuant to the migratory agreements between Cuba and the United States, is taking place today behind closed doors at the Convention Center in Havana. The head of the two delegations say they are anxiously awaiting developments from today's meeting. Despite the secrecy surrounding the meeting, it is being held with positive expectations, as expressed last night by Ricardo Alarcon, head of the Cuban delegation and president of the National Assembly of the People's Government, at the conclusion of the first work session. No one excludes the possibilities of differences between the two sides.

[Begin Alarcon recording] It has been a serious, professional atmosphere, during which we discussed many things.

[Alcober] Among the matters discussed, has Cuba introduced any new issue?

[Alarcon] We have had extensive discussion of matters related to the meeting's theme. [end recording]

[Alcober] As everyone knows, the purpose of this meeting is to assess fulfillment of the September and May agreements signed in New York, which seek to guarantee a stable, orderly migratory flow of at least 20,000 Cubans each year to the United States, and put an end to the phenomenon of the so-called rafters.

Anne Patterson, joint undersecretary of Inter-American Affairs, of the U.S. State Department, stated that they had discussed a broad range of issues, which allowed for speculation that in yesterday's meeting, the migration issue was not the only one discussed.

[Costales] Upon her arrival at the Convention Center, Mrs. Patterson told reporters there was the possibility of a declaration at the conclusion of the round.

[Begin recording] [unidentified reporter in English] Mrs. Patterson, what do you expect — any announcements today?

[Patterson in English] Maybe later.

[Unidentified Reporter] Maybe? [end recording]

[Costales] These discussions on the migratory agreements and the systematic implementation of those agreements are evident signs that Cuba and the United States can dialogue as equals, not only on migratory issues, but on other aspects of the 30-year-old differences between Washington and Havana, so long as they are held on the basis of mutual respect, and the recognition of our self determination. Even though these talks are taking place in an atmosphere that both sides describe as constructive, serious, and professional, we should not forget that the blockade, the hostility continue, and that the U.S. policy has not given signs of a substantial change towards Cuba.

Delegates' 'Satisfaction' Noted

PA1807173895 Havana PRENSA LATINA in Spanish 1634 GMT 18 Jul 95

[FBIS Translated Text] Havana, 18 Jul (PL) — The fourth round of negotiations on migration affairs — talks held between Cuba and the United States following the commitments signed in New York in September 1994 — entered its second day today in this capital.

As a result of the September agreements, Washington will grant no less than 20,000 visas a year to Cubans interested in emigrating to the United States and will return to the island whoever is found on the high seas with the intention of illegally entering U.S. territory.

The U.S. Government also agreed to process more than 20,000 Cuban rafters who are at the Guantanamo Naval Base in eastern Cuba.

Cuba has guaranteed it will take no reprisals against those who are captured and returned to the country.

Little has been reported on what is being discussed by the government representations headed by Ricardo Alarcon de Quesada, president of the Cuban parliament, and Anne Patterson, deputy assistant secretary of state for inter-American affairs.

Nevertheless, both sides have expressed optimism to the media, and today, Patterson, upon her arrival at the Palace of the Revolution where the meeting is being held, when asked whether she expected a specific announcement to be made on this final day of talks, responded with an encouraging: "Perhaps later."

Although the talks are being held in utmost secrecy, the heads of the two delegations have made evident their satisfaction with the progress of the sessions because of the serious, professional, and constructive atmosphere

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that has prevailed and the broad spectrum of issues that have been examined.

U.S. Delegation Head Comments

FL1907021695 Havana Radio Rebelde Network in Spanish 2300 GMT 18 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] We now turn to the Cuba-U.S. migration talks underway at the Convention Center. Anne Patterson, head of the U.S. delegation to the current round of migration talks, told the news media today that the talks are progressing well and represent positive exchanges. During a brief recess on this second day of the talks, the accredited press was able to make contact with the assistant secretary of state for Inter-American affairs, who said she expected the meeting would conclude this afternoon. These are the only statements obtained by members of the Cuban and foreign press today as the talks continue behind closed doors. No details have been given on issues discussed. There has been no word from any representative of the Cuban delegation, although close sources insisted on using the terms, serious, constructive, and professional. These were used last night by Ricardo Alarcon de Quesada, National Assembly of the People's Government president, to describe the meeting. We are awaiting contact from the Convention Center and our correspondents, Perla Marina Alcober and Zenaida Costales.

[At 2340 GMT, the following report by correspondent Zenaida Costales is carried on the "Exclusive" program] Good evening, "Exclusive" listeners. The fourth round of Cuba-U.S. migration talks concluded just moments ago, and Mrs. Anne Patterson, leader of the U.S. delegation, and assistant secretary of state for Inter-American Affairs, subsequently gave a press conference. The two-day fourth round of migration talks held here at the Convention Center were described as very constructive and interesting, and as having produced advances in the understanding of the viewpoints of both parties. Another round of talks in New York are eagerly anticipated. The following is Anne Patterson's evaluation of the two-day talks at the Convention Center.

[Begin Patterson recording in English with sentence by sentence translation into Spanish] The two sides had had a thorough discussion of all the issues before. Between us, we were able to clarify some issues and procedures, as well as the implementation of the two previous statements. No new agreements were reached between the two sides. The United States is interested in facilitating safe, legal, orderly migration, and made several suggestions to assure that the two sides do everything possible to facilitate such legal migration. We will continue to discuss the full range of migration issues with the Government of Cuba. [end recording]

After Anne Patterson's joint statements, she answered the press' questions for ten minutes in one of the meeting rooms at the Convention Center. I propose that we allow my colleague, Perla Marina Alcober, supply more details on the press conference later in this broadcast.

[At 2355 GMT, the following report by correspondent Perla Marina Alcober is carried on the "Exclusive" program] Good evening, listeners. The just completed fourth round of Cuba-U.S. migration talks produced positive results that bolster the political willingness of both nations to continue on the road to understanding, at least on this issue, which has been present throughout these tense relations. This round began yesterday at the Convention Center behind closed doors. Both parties declined to make statements to the press. The silence was broken only by short phrases describing the talks as constructive, serious, and professional, allowing the talks to be carried out in an atmosphere of optimism. Ricardo Alarcon de Quesada, National Assembly of the People's Government president, and a wise diplomat in U.S. relations, again led the Cuban delegation. As you know, Mrs. Anne Patterson, assistant secretary of state for Inter-American Affairs, led the U.S. delegation. The central theme of these talks was evaluation of compliance with migration accords signed by Washington and Havana in September, 1994, and last May. During her press conference, Mrs. Patterson announced that Ricardo Alarcon brought up the issue of the blockade and the restrictive measures imposed by President William Clinton last August. However, according to Mrs. Patterson, the issues were not discussed, as both points are outside the realm of these talks. She also said that this round was held to achieve a legal migration process, not basically to arrive at an agreement. Mrs. Patterson also described the talks as very positive and constructive, and said she looks forward to another round in New York.

PRENSA LATINA Notes Conclusion of Talks

PA1907013495 Havana PRENSA LATINA in Spanish 0038 GMT 19 Jul 95

[FBIS Translated Text] Cu[illegible] and the United States today concluded another [illegible] of immigration talks with positive signs. The tw[illegible]ies decided to continue their conversations on th[illegible]bject at an upcoming meeting to be held in New [illegible]rk.

Following two days of neg[illegible]tions, the U.S. delegation reported the talks were hel[illegible]ithin a "very positive and constructive climate," as s[illegible]ed by Anne Patterson, the

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Department of State's assistant deputy secretary of state for inter-American, Caribbean, and Cuban affairs.

Patterson, who heads the U.S. delegation, added that although there were no specific agreements on this occasion, progress was made regarding the understanding on the part of each interlocutor concerning the viewpoint of the other party.

The Cuban delegation made no statements on the results of the discussion, but according to remarks yesterday by Ricardo Alarcon, its leader and president of the Cuban parliament, a wide range of topics was discussed "within a positive climate of mutual respect."

Meanwhile, Patterson said no new agreements were reached in the current negotiations, but the two parties believe the goal of discouraging unsafe emigration and channeling migration through legal paths is being achieved.

The U.S. representative said the island's mission brought up the topics of punitive measures against the Antillean country decreed by Washington in August 1994 and the U.S. economic and commercial blockade, but she considered these issues to be "outside the framework of the current negotiations."

In response to a question regarding recent violations of Cuban air and maritime space, promoted by elements of the Cuban-American ultraright residing in Miami, Patterson assured that her government laments them, adding that any actions of this nature will be prosecuted in the United States.

We have understood the views of the two parties better, and we have achieved progress, she added.

Havana Radio Notes Conclusion

PA1907031095 Havana Radio Havana Cuba in Spanish 0100 GMT 19 Jul 95

[Report by Barbara Betancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] The immigration talks Cuban and U.S. delegates have held for two days concluded at 1900 tonight. The sides examined the bilateral commitments made with the 9 September agreements and the 2 May joint statement. At the end of the talks, and in a gesture regarded as unusual, Anne Patterson, head of the U.S. delegation who is also assistant deputy secretary of state for inter-American, Caribbean, and Cuban affairs, read a communique:

[Begin Patterson recording, in English with simultaneous translation into Spanish] Both sides agree the 9 September communique and the 2 May statement are fulfilling the purpose of discouraging unsafe migration and directing migration through legal channels. The two sides held a full discussion of all the issues before us. We were able to clarify certain issues and procedures between us in the implementation of the two previous statements.

No new agreements were made between the two sides. The United States is interested in facilitating safe, legal, and coordinated migration and made several suggestions to assure that the two sides do everything possible to facilitate such legal migration. We will continue to discuss the full range of migration issues with the Cuban Government. [end recording]

In a 10-minute meeting with the press, Patterson said meetings such as this are not always intended to make agreements but, rather, to attain a coordinated, legal, and safe migration. She described as very positive the meeting that just concluded:

[Begin Patterson recording, in English with simultaneous translation into Spanish] We had a very positive and constructive exchange with Mr. Alarcon and his delegation, and we will gladly continue discussing these matters in New York. [end recording]

Cuban American National Alliance Opposes Helms-Burton Bill

FL1807122495 Havana Radio Rebelde Network in Spanish 2300 GMT 17 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] The Cuban American National Alliance, a Cuban exile group opposed to the U.S. blockade against Cuba, today announced the launching of a campaign against the Helms-Burton bill. During a news conference in Washington the coordinator of the group, (Delbert Fernandez Levitz), stated that they will oppose sectors that seek a blood bath in Cuba. The Alliance coordinator added that he met with President William Clinton's Cuban policy adviser William Nuccio to express their opposition.

Colombian Foreign Minister Rejects Helms-Burton Bill

PA1907042295 Havana PRENSA LATINA in Spanish 1903 GMT 18 Jul 95

[Report by Juan Carlos Alfonso]

[FBIS Translated Text] Bogota, 18 Jul (PL) — Colombian Foreign Minister Rodrigo Pardo reiterated today his rejection of the U.S. blockade against Cuba and expressed his opposition to the bill to bolster that action, which is promoted by U.S. legislators Jesse Helms and Dan Burton.

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"Colombia cannot agree with an embargo that was imposed unilaterally, outside the framework of the United Nations. This is unacceptable from the viewpoint of international principles and only worsens the situation of the Cuban people," the Colombian minister said in brief statements to PRENSA LATINA.

The economic blockade of the island, he asserted, is an interventionist mechanism that they are now trying to reinforce with the Helms-Burton amendment, which is currently in the U.S. legislative system.

The Colombian foreign minister condemned the fact that the new anti-Cuba bill even has a extraterritorial character and said it will therefore be very difficult for countries trading with the island to obey this prospective U.S. legislative ruling.

"It is improbable that the Helms-Burton bill will block the commercial ties between Colombia and Cuba because the extraterritoriality makes it inadmissible for the rest of the nations doing business with the island," he observed.

Queried about Colombian Vice President Humberto de la Calle's recent visit to Havana, Pardo described the event as being very successful because de la Calle's talks with Cuban leader Fidel Castro and Carlos Lage, vice president of the Council of State of Cuba, had been very fluent.

Important health agreements were signed during de la Calle's visit, as well as issues related to the upcoming Nonaligned Movement summit. We were also able to exchange impressions with the only Latin American country that has presided over this international forum, Pardo asserted.

Iraqi Ambassador: Iraq, Cuba 'Have a Common Enemy'

FL1807181095 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Jul 95

[From the "National Radio News"]

[FBIS Translated Text] Iraqi Ambassador to Cuba Zuhayr al-'Umar underscored the excellent level of relations with Cuba on the occasion of the 27th anniversary of the Iraqi Revolution of 17 July. Correspondent Delia Sardinas interviewed the ambassador on the matter.

[Sardinas] The diplomat highlighted the common positions of the two countries in the international arena in which both countries struggle against blockades imposed by the United States.

[Begin al-'Umar recording in Arabic with passage by passage translation to Spanish] Iraq and Cuba are both in the same trench and they both have a common enemy, which is the United States. The weapon that they are using against both countries is the same: the blockade. Therefore, we have similar experiences. Exchanges at the official, party, and youth levels help the two countries to resist the imperialists' plan and conspiracies prepared by the United States against Cuba and Iraq.[end recording]

[Sardinas] These were statements made by Iraqi Ambassador to Cuba Zuhayr al-'Umar.

Ambassador to China Reports Relations 'Excellent'

FL1807223995 Havana Radio Reloj Network in Spanish 1932 GMT 18 Jul 95

[FBIS Translated Text] During a meeting convoked by the diplomatic headquarters to announce the results of the Cuban election process, to discuss bilateral ties, the economic situation in Cuba, and the Helms-Burton Bill, Jose Armando Menchero, Cuba's ambassador to China, affirmed that relations with China are excellent and that there is tremendous agreement on viewpoints. Menchero said that the partial elections constituted proof of wide deep consensus in favor of the Revolution and its system of government, as well as support for and confidence in President Fidel Castro Ruz. Menchero pointed out that the Cuban people's vote confirmed support for the fatherland and rejection of external impositions, and demonstrated unity in the face of economic difficulties while the United States seeks continued approval of their attempts to smother and eliminate any type of contact with the outside.

Cuba, Russia Reach Commercial Agreement on Petroleum, Sugar

PA1907015695 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Jul 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Russia and Cuba have reached an important commercial agreement that will allow the island to import 3 million tons of petroleum in exchange for 1 million tons of sugar, Oleg Davydov, deputy chairman of the government, has announced in Geneva.

He has said the agreement, which will take effect within the next few days, will definitely be signed in October. Davydov has said the agreement will last three years but may be renewed if the parties agree to do so.

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Commentary Assesses Strength of Revolution

PA1407234195 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Jul 95

["Station commentary" by Norberto Hernandez from the "Evening Information Review" newscast]

[FBIS Translated Text] Everyone knows we are facing formidable economic difficulties in Cuba and that we are enduring the worst crisis in our history, but we Cubans know how to win battles under the most adverse conditions.

Last century, the Cuban Army of Liberation faced hundreds of thousands of well-armed colonial soldiers under the command of experienced generals, securing historic victories despite the fact that our soldiers had to fight barefooted and shirtless while poorly armed and poorly fed.

Cuban patriots seized arms from the enemy, organized self-supply operations, and maintained robust pressure on their adversaries.

Had it not been for the opportunistic presence of U.S. troops, Cuba, at the end of that war, would have secured its true liberty, which is what it now has.

In moments of crisis, or if a natural disaster occurs, as has happened more than once, the situation worsens considerably. Recently there were heavy rains in some provinces of the country. This caused flooding which seriously damaged thousands of houses, roads, and crops. This calamity could not have come at a worse time. In Havana, many old buildings collapsed, and in the country's interior, thousands of roofs were damaged, leaving entire families without roofs over their heads.

Guantanamo Province, where an unwanted U.S. military base is located, as well as other provinces still recovering from other natural disasters, suffered serious damage.

The Cuban people, motivated by a can-do spirit invigorated to the maximum by the revolution, reacted by deciding to resolve problems as soon as possible.

On an appeal from revolutionary authorities, the entire nation was mobilized, and despite paper shortages that have paralyzed many publications, thousands of tons of paper were collected to construct the tiles needed for those who needed roofs.

The people of Guantanamo have worked in an exemplary fashion, as usual. They are on the road to recovery with the support of the entire country.

One main characteristic of the Cuban people since the beginning of the revolution is solidarity — that generous and self-honoring feeling.

The Cuban people have acted in solidarity with other people, shedding blood for others and depriving themselves of goods in order to send them abroad. We have displayed exemplary solidarity.

This virtue is also evident at home. Whenever there is a serious problem anywhere in the country, the Cuban people help their brothers who are in trouble.

This is not a matter of charity. It is a matter of self-respect and a sense of justice to which the Cubans have been exposed through their education since the beginning of the revolution.

Those who from abroad see the extraordinary strength of the Cuban people and their unconquerable resistance in the face of adversity find this incomprehensible and seek an explanation. They can find it in Cuba's daily reality.

The enemies of the Cuban revolution, who necessarily are enemies of the Cuba people, should learn from the facts and save their strength for loftier causes and more noble endeavors.

Recent municipal elections throughout Cuba demonstrated without a doubt that the Cuban people are united and wholeheartedly support their current sociopolitical and economic system.

The Cuban revolution may have committed errors, but its foundation remains solid, because it knows how to rectify mistakes through honesty. This is what has made it so strong.

This is a deeply-rooted popular revolution that is here to stay.

Districts Hold Unprecedented Third Round of Elections

FL1807020895 Havana Radio Rebelde Network in Spanish 2300 GMT 17 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] Two electoral districts — one in Gibara Municipality in Holguin and another in Tercer Frente Municipality in Santiago de Cuba — will hold third rounds to elect their delegates to the People's Government. In second-round elections held on 16 July, 330 delegates were elected in a total of 332 districts. This is the first time since the current election system was installed that a third round will be held, although this circumstance is provided for. The law establishes that in the case of a tie between candidates, the electoral commission will convoke new elections until one of them receives a majority.

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Federation Leader Discusses Sugarcane Harvest Efforts

FL1507151095 Havana Radio Rebelde Network in Spanish 0900 GMT 15 Jul 95

[From the "Doing Radio" program]

[FBIS Translated Text] Pedro Ross Leal, Cuban Workers Federation [CTC] secretary general, participated in a meeting on the sugarcane harvest on 14 July. It was reported during the meeting that approximately 300,000 workers have been mobilized nationwide in response to the CTC's call to work on the sugarcane harvest. Ross commended the CTC on their efforts to increase the number of workers and praised the workers on their efforts:

[Begin Ross recording] We must continue to work to achieve what we can in July — a decisive month, especially in provinces experiencing delays for various reasons that have been addressed many times. Camaguey, Villa Clara, Ciego de Avila, Sancti Spiritus, and Pinar del Rio must work rationally and take advantage of their labor forces to accomplish as much as possible in July and August. [end recording]

Ross also said that the work currently underway will make it possible to have the necessary sugarcane — and even more — for the next harvest:

[Begin Ross recording] We will begin addressing industrial efficiency and mill repairs in August and will continue to discuss these other jobs, which will end in September. We must be ready to advance during July and August. Workers must also be given periodic breaks in those places where work is about to end and there is no danger of delay because they are ahead of schedule. Workers can continue to work during August and September, which are crucial months. [end recording]

Ross also stressed the importance of making better use of the forms of transportation that rely on animals, developing agricultural self-sufficiency, and accelerating construction on workers' housing.

Villa Clara Reaches Half of Sugarcane Planting Goal

FL1707235095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 15 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Villa Clara Province was able to reach only little more than half of its Spring sugarcane planting goal. A good deal of positive work is now going on, however, and new strategies for the forthcoming harvest are being implemented. With only 1,281 caballerias planted, Villa Clara could not achieve its ambitious Spring planting goal even though it has the highest number of mobilized workers in Cuba and a huge amount of cane. At the Batalla de San'a Clara Agroindustrial Complex, one of last year's worst — worst average of cane per caballeria — the situation has improved.

[Begin unidentified speaker recording] The workers have played a key role. We are an agroindustrial complex with a deficit of work force, especially during the period from January to April, when the harvesting begins. The work force is lost; they are involved in other activities. In recent years, it was impossible to plant manually because there was not enough work force. [end recording]

The land in northern Villa Clara Province has specific disadvantages: soil preparation must be done during the dry season; excess humidity and little drainage make work much harder in this area.

[Begin unidentified speaker recording] We need to take advantage of the driest time of year, of the machinery, and of the work force that we have available, whether they come from the municipality or from the agroindustrial complex. [end recording]

It is important for the complexes in northern Villa Clara to have a strategy ready that will allow them to complete the harvest as soon as possible and then devote their efforts to planting during the most favorable period. Everyone is aware of this, and the decision has been made throughout the province to do during the Winter planting what was not done during the Spring campaign.

Notwithstanding their being behind schedule, the workers are truly dedicated to achieving what they were not able to accomplish during the previous harvest. They have put great effort into this, which will undoubtedly result in more cane and more sugar in 1996.

Finance Ministry Official Cited on New Tax Law

PA1307232295 Havana PRENSA LATINA in Spanish 2206 GMT 13 Jul 95

[By Julio A. Machin]

[FBIS Translated Text] Havana, 13 Jul (PL) — An official from the Ministry of Finance and Prices has told PRENSA LATINA that the logistical implementation of the new tax law implies greater independence for Cuban enterprises and forces them to be profitable.

Carlos Perez Inclan, chief of the ministry's Tax Policy Department, explained that the payment of taxes will gradually be extended to all commercial businesses headquartered on the island, including state-owned

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companies, which, for the time being, allocate all of their profits to the national budget.

In essence, the contributions these enterprises make to the public treasury will come within the framework of the payment of taxes on labor, fees, transportation, and services; the payment of a percentage of their profits; and social security contributions.

Meanwhile, he added, in 1996 all national enterprises will fall under this system, which will constitute a major challenge for them, because they will be forced to be profitable.

Questioned on the fate of those companies filing for bankruptcy, Perez explained there are other financial mechanisms through which they will be able to request credits from banks within the framework of bilateral agreements, the commitments of which they will have to honor.

However, he noted, certain business sectors are strategically important to the state, and such sectors will be subsidized if they end up in a tight spot.

He reported that not all regulations for the implementation of the new tax law have been approved, but it does not hinder its coming into effect, because the major changes being made in the Cuban economy urgently demand such mechanisms.

The official stressed that this law is very important in terms of the steps the government is taking to cleanse domestic finances.

Millares Outlines Work Ahead for New Tax Office

PA1407202895 Havana PRENSA LATINA in Spanish 2243 GMT 13 Jul 95

[FBIS Translated Text] Havana, 13 Jul (PL) — The newly created National Office of Tax Administration (ONAT) will have to face the lack of a tax culture among Cubans, Finance and Prices Minister Manuel Millares said today.

The official felt that the task to educate and collect should be undertaken most af all with authority, honesty, and persuasion on the part of ONAT officials, who must inspire respect and "even some fear."

"When a tax collector arrives somewhere, he must make the presence of the state felt," he said, adding he was satisfied over the selection of the ONAT staff.

In remarks to PRENSA LATINA, the official stated ONAT's challenge is to conduct its work in the effective and efficient manner of country that has a strong tradition on tax matters.

By way of example, he cited Argentina, where tax collectors make up 0.5 percent of all state employees, whereas ONAT only [as received] has 0.13 percent, a record figure for the American continent.

A series of sanctions have been established to enforce the law, including warnings, surcharges, loss of benefits, fines, closures, and, in extreme cases, seizures.

Millares regarded the taxpayers' initial reaction to the new law as "very good," since 99 percent of those have been advised they have pending accounts have fulfilled their obligations.

He felt, however, that many self-employed workers have not registered yet, which is why he plans to expand the ad campaign before taking any coercive measures.

Office Reports Population Projection Figures

FL1507163795 Havana Radio Rebelde Network in Spanish 1155 GMT 15 Jul 95

[From the "Doing Radio" program]

[FBIS Translated Text] The Office of Statistics projects that the Cuban population will total 11 million people by the end of 1995. Specialist Juan Carlos Alfonso Fraga told the press that 10,980,000 people were living on the island as of 31 March 1995. He added that Cuba is considered a demographically advanced nation, due to low mortality and birth rates. Fraga noted that the mortality rate has been below 10 deaths per 1,000 live births over the past three years, whereas the fertility rate was below one [as heard]. He stressed that these standards correspond to those in industrialized nations. A total of 12 percent of the Cuban population — over 1.3 million people — is over 60 years old, with projections that the total will reach 2 million by the year 2000.

Roundup of Politburo Members' Activities

FL1207221995

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 16 July.

Nelson Torres closed a two-day meeting on biological pest control in the sugarcane industry at the Olo Pantoja school on 30 June. Torres stressed the importance of stepping up biological pest control and praised the success of scientists' efforts despite shortages, as well as efforts on the current planting and weeding programs. He noted that more must be done to improve the September harvest. (Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jun 95)

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Nelson Torres has participated in a ceremony at a combine factory marking the delivery of the first 23 modified KTP-II sugarcane combines to Julio Antonio Mella mill, in Santiago de Cuba. (Havana Radio Rebelde Network in Spanish 1700 GMT 3 Jul 95)

Nelson Torres has stressed the need to step up weeding of the sugarcane fields using manual techniques, chemical weed killers, and mechanical cultivation, especially since 24,230 caballerias were weed-infested at the beginning of July. (Havana Radio Progreso Network in Spanish 1100 GMT 5 Jul 95)

Esteban Lazo attended the closing of the 12th National Center for Scientific Research (CENIC) seminar, held at ExpoCuba 28-30 June. Lazo expressed interest in molecular biology and genetic engineering in producing vaccines. Lazo described the seminar as very interesting and important and praised the results of CENIC's strategic efforts. (Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jun 95)

Esteban Lazo has asked neighbors to work together to restore roofs on the city's tall buildings and pledged technical support and materials to do the job. (Havana Radio Rebelde Network in Spanish 2300 GMT 4 Jul 95)

Pedro Ross Leal has met labor leaders on the importance of increasing the mobilized work force by 50,000 in July. He called on the leaders to urge members not to flag in their efforts toward recovery of the sugarcane industry and achieving goals set for July. Ross Leal noted that Guantanamo, Villa Clara, and Havana have the largest work forces. (Havana Radio Rebelde Network in Spanish 0900 GMT 1 Jul 95)

Pedro Ross Leal marked Public Administration Workers Day on 4 July by congratulating sector workers. He stressed the importance of the adaptive efforts of those working with finance, statistics, and banking, among others. Pinar del Rio was designated as the site of the main ceremony marking Public Administration Workers Day. (Havana Radio Rebelde Network in Spanish 0900 GMT 4 Jul 95)

Carlos Lage Davila and Communications Minister Brigadier General Silvano Colas Sanchez have toured several Cuban telecommunications enterprise installations. Lage was briefed on the recent system upgrades to the international telephone and telegraph center and discussed the new digital center at the Guanabacoa telephone center with technicians. Lage stressed that the objective of forming joint ventures is to secure foreign capital to modernize the entire system, which will be done under the direction of Cuban technicians and professionals who have proven their ability. (Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jul 95)

Julian Rizo has met provincial basic cooperative production unit managers, calling on them to increase the number of sugarcane workers to plant, replant, and weed during July. (Havana Radio Reloj Network in Spanish 1930 GMT 3 Jul 95)

Alfredo Hondal has called on Ciego de Avila Province sugarcane workers to redouble their efforts in July to complete the spring campaign. He also noted the sugarcane sector's good results during June. (Havana Radio Rebelde Network in Spanish 2300 GMT 5 Jul 95)

Julio Casas Regueiro has chaired the graduation ceremony of over 100 health specialists from the Revolutionary Armed Forces' Luis Diaz Soto Higher Institute of Military Medicine. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 9 Jul 95)

Leopoldo Cintra Frias and Candido Palmero have awarded the Defense Readiness Banner to San Antonio de los Banos Municipality. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 Jul 95)

Jose Ramon Balaguer participated in a ceremony in Bayamo Municipality, Granma Province, marking the centennial of the Battle of Peralejo. Balaguer placed a floral wreath at the Battle of Peralejo monument in the name of the people of Bayamo. (Havana Radio Reloj Network in Spanish 1937 GMT 13 Jul 95)

Carlos Lage has visited a Sancti Spiritus Province roofing tile factory. Lage was briefed on factory production and several production techniques. (Havana Radio Rebelde Network in Spanish 0900 GMT 14 Jul 95)

Maria de los Angeles Garcia has attended the launch of a new book entitled: "Fidel and the Third World." The book includes Fidel Castro's comments on Third World issues over the years. The book launch was held at the Museum of the Revolution. (Havana Radio Rebelde Network in Spanish 2300 GMT 14 Jul 95)

Ulises Rosales del Toro chaired a meeting of the commission that supervises the Revolutionary Armed Forces' (FAR) science and technology forum in Havana on 14 July. Participants discussed repairs, production, and recycling of spare parts in FAR industries. (Havana Radio Rebelde Network in Spanish 0900 GMT 15 Jul 95)

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Roundup of Economic Developments

FL1707014895

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 16 July.

Havana dock workers are currently unloading 15,000 tonnes of rice, which the Vietnamese Government has donated to the Cuban people. (Havana Radio Rebelde Network in Spanish 2300 GMT 7 Jul 95)

Jose Ramon Fernandez, Council of Ministers vice president, has dedicated a sporting ball factory in Havana City. Fernandez pointed out that this factory will save Cuba resources, since this product will not have to be imported. (Havana Radio Rebelde Network in Spanish 0900 11 Jul 95)

Cuban fishermen have caught 605 tonnes of shark, which will be used for cancer research. (Havana Radio Reloj Network in Spanish 1936 GMT 11 Jul 95)

The Egyptian Embassy has donated 142 kilograms of medicine on behalf of solidarity groups in that country. (Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jul 95)

Pinar del Rio Province workers have stepped up their efforts on the sugarcane recovery program: Workers have met 93 percent of the manual weeding goals in this area and have improved their use of fertilizers and herbicides. The 13 Noviembre and Jose Marti sugarcane complexes, in San Cristobal Municipality, are currently the furthest behind schedule. A total of 11,000 people are involved in weeding efforts. (Havana Radio Rebelde Network in Spanish 2300 GMT 11 Jul 95)

Haiti

CEP Disqualifies 27 More Candidates

95CA9169 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Jul 95

[FBIS Translated Excerpt] As regards the Haitian elections, 27 candidates have been disqualified from further participation in the electoral race, for behavior judged underhanded [deloyal] by the [Provisional] Electoral Council [CEP]. The CEP has just published a new electoral list of 27 candidates not allowed to participate in the second round of elections. The CEP cites several reasons for disqualifying these candidates, who are from at least 12 political parties and groups, among them five from the FNCD [National Front for Change and Democracy], four independents, and three from the RDNP [Assembly of Progressive National Democrats].

According to the CEP, these candidates are responsible for the destruction of electoral materials in several parts of Haiti. [passage omitted]

According to a source close to the CEP, the CEP might be unable to stick to the 22 July date [date as heard] initially set for holding the partial elections. The source says the date for the second round of the elections could be pushed back, given the complexity of the preparations necessary to set in place the structures needed before such elections can be held. CEP spokesman (Gerin Alexandre) explains:

[Begin (Alexandre) recording, in Creole] Well, we can tell you that they have as yet not clearly determined the date for the partial elections. They had already anticipated a first date, which was Saturday, 22 July. But considering the work that has to be done — printing of the ballots; the setting in place of things that needs to be done in order to try to solve all the logistical and administrative problems that arose during the first round, to prevent a repetition of those things — that date could change. We say clearly that it might change, because up to this moment, meetings are still going on with everyone concerned, so as to see what date would be best for holding those partial elections. [end recording]

Brutus Arrest Reaction; Party Positions

95CA9168

[FBIS Editorial Report] Port-au-Prince Signal FM Radio in French at 1030 GMT on 18 July devotes the bulk of its one-hour newscast to two topics. The first is the arrest on 15 July, and subsequent release, of Duly Brutus, member of the leadership of the Nationalistic and Progressive Revolutionary Party of Haiti [Panpra], former president of Haiti's Chamber of Deputies and a candidate for senator for the Department of the North — as well as reaction to that arrest. The second topic is the position taken by diverse political parties on future partial and runoff elections in Haiti.

Citing "a judicial source," the radio notes that "former socialist Deputy Duly Brutus, arrested and jailed Saturday, was released provisionally by the deputy public prosecutor yesterday in Port-au-Prince." It adds that Brutus vigorously denies the charges against him, and denounces "a political plot" against him on the part of the government, as well as the illegal way he was arrested.

In a recorded statement in Creole made as he left the Civil Court of Port-au-Prince following his release, Brutus noted that there was no legal basis for the warrant for his arrest, nor did the public prosecutor have any evidence against him — adding that as someone who

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wished to see the truth of the matter come to light, he would willingly remain available to the judiciary "so we can throw light on this matter." Brutus added: "I am sure I will have much to say, and, especially: They know very well who committed the deeds, and I am quite pleased that things have come to this. After the 48 hours I spent in jail, now the truth is going to come out."

As regards reaction to the Brutus arrest, Signal FM reports that:

Rene Theodore of the National Renovation Movement condemns "in the strongest of terms" Brutus' arrest and incarceration. Theodore says he is in solidarity with Brutus, and expresses serious doubts as to the establishment of a real rule of law in Haiti, "given the disquieting turn the justice system is taking these days." The radio broadcasts a recorded statement in Creole in which Theodore notes: "They are trying to frame him [taye bonet sou tet li]. If they can frame one person, they can frame anyone."

A National Congress of Democratic Movements, Conacom, spokesman, in a recorded statement in Creole aired by the radio, expresses Conacom's solidarity with Brutus.

A spokesman for Volvick Remy Joseph's National Cooperative Action Movement notes, in a recorded statement in Creole, that "the arrest is illegal. According to the warrant, his arrest came at the order of the public prosecutor of Port-au-Prince for a deed reproached him in a jurisdiction other than that of the public prosecutor ordering the arrest."

Anthony Barbier, whom Signal FM identifies as the minister of public administration in the Smarck Michel government, says the procedures undertaken leading to Brutus' arrest were "totally illegally." The radio notes: "Mr. Barbier protests what he calls forms of inadmissable judicial procedure," and airs a recorded statement in Creole in the course of which Barbier says: "I myself, as a member of the government, protest. I protest both as a member of the party [Panpra] and as a member of the government. And I am sure that President Aristide, if... [pauses] would do that, would protest. Because such things are inadmissable. We cannot tolerate that, cannot tolerate a political leader's being arrested like that — to have policemen show up at his house on a Saturday morning like that!. The policemen showed up acting like they used to act in the past. A bunch of policemen showed up, knocked, fired off rounds, and ordered the person out. Such a manner of proceeding is inadmissable."

Former Deputy (Jean Mandenave) says that "the arrest of the former president of the lower chamber of the legislature is an insult to those who fought for the physical return of Jean-Bertrand Aristide to power." "Deputy (Mandenave) calls for the arrest of the members of the Provisional Electoral Council [CEP], so as to hand down justice to the candidates who are victims of last June's farce." The radio reports that Mandenave, a candidate for senator for the Department of the North, thinks that with the arrest of Brutus, President Aristide "is burying democracy and instituting arbitrariness."

The radio also reports that "a number of political parties are withdrawing from the electoral race, among them, notably, Conacom and the National Front for Change and Democracy [FNCD], which on 17 July officially informed the CEP of their decision to withdraw from the electoral process."

Signal FM reports that Conacom says the CEP has systematically violated the electoral law, political ethics, and the nation's Constitution. The party reproches Mr. Remy for having taken on responsibility for publishing "unorthodox [fantaisiste]" results despite the evidence of irregularities, downright fraud, and legitimate grievances on the part of all participants except those from Lavalas. Consequently, Conacom asks Anselme Remy to no longer use its emblem or its acronym in what it calls "the parody of universal suffrage that the president of the CEP intends to prolong, whatever the cost."

As regards the Brutus arrest, the radio airs a recorded statement in Creole by Conacom leader Victor Benoit, in which Benoit explains that Conacom considers the procedure employed illegal because the public prosecutor of Port-au-Prince is not the head of all Offices of the Public Prosecutor of the Republic of Haiti, and does not have the right to initiate legal action in a case the events of which did not take place in his juridiction. Benoit notes the Haitian Code of Criminal Procedure stipulates that legal proceedings must be initiated in the jurisdiction in which the events in question took place; thus, arresting Brutus and accusing him of an event that took place in the north without the public prosecutor of Cap-Haitien's having delegated authority constitutes an illegal action. In his statement, Benoit notes: "We think this kind of arrest is evidence that we have not yet managed to get away from a number of arbitrary practices. When you are building a state of law — we say — force must give way to the law. That is why Conacom condemns that illegal arrest, and we ask the nation's judicial authorities to conduct an objective, impartial investigation into the Limbe incident, and apply the law, without any taking of sides."

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Signal FM notes that "Evans Paul and Turneb Delpe, the FNCD's two main leaders, affirm that the FNCD's candidates will not run in the second round of elections. Some 20 candidates are scheduled to run in the runoff elections for legislators — among them Turneb Delpe, for the Department of the West. In a letter to CEP President Anselme Remy, the FNCD leaders instruct the CEP to eliminate the FNCD's (?names), acronym, and emblem from the ballots."

A recorded statement in Creole by Turneb Delpe is then carried. Delpe explains that the goal of a recent meeting was "for the purpose of tuning our violins, of putting the party's entire leadership and its candidates on the same wavelength. We analyzed the situation, and all the candidates reiterated their trust in the FNCD, and they agree with the position the FNCD has taken: for them not to participate in any electoral farce that may be held under this current electoral council. And they even signed a communique, which will appear in the press, possibly tomorrow, in which all the candidates that were to have run in the partial elections and in... [pauses] what they would call the second round of elections say... [pauses] in which those candidates ask the FNCD to maintain its position. I can say that, overall, that is the essence."

The radio reports that Alliance for the Liberation and Progress of Haiti, ALAH, leader Reynold Georges announced in a news conference on 17 July that ALAH will not participate in either partial or runoff elections under the current CEP. The radio says Georges "is calling, moreover, for a televised debate between the CEP and the political parties, in order to bare what he calls the hidden vices of the CEP."

In a recorded statement in Creole, Georges says that at a Saturday meeting the party called for a public debate over live radio and television "so there can be no editing" with either the CEP or the executive, or with the Lavalas sector, "so we can sit down face to face, to answer all the journalists' questions, so we can see where the trickery [koken na] and manipulation [met dam] lie, and who is trickier and more successfully manipulative [e ki moun ki pi koken, ki moun ki pi met-dam]!"

Signal FM reports that the National Labor Party, PNT, says it "once again deplores the government's breaches of the democratic process," and that in a protest note, the party says that "it is sad to note that as soon as they come to power, those who were themselves once a part of the opposition repeat the same mistakes as the regime overthrown." In its protest note, the PNT vigorously protests the arrest of Duly Brutus, informs the president of the CEP that the PNT will not participate in any future electoral operations under the auspices of the current CEP, and formally asks the CEP not to use its emblem for any reason.

The radio reports that "Panpra asks the CEP to stop its underhanded [deloyales] maneuvers, trying to persuade national and international public opinion that it is the Haitian people who have shunted aside the political parties from the electoral race." "Panpra announces in the firmest of manners that it will not participate in the partial elections, much less the runoffs." A recorded statement in Creole by Serge Gilles is broadcast in which Gilles says: "We just wrote the CEP to say: Withdraw us from all that stuff. Consider us in neither the first nor the second round, nor in anything at all! And, above all, we ask all our candidates.... [pauses] We have sent our candidates a letter telling them not to participate in anything this CEP does."

Signal FM then notes that Dr. (Antoine Joseph), a former deputy of the Movement for the Establishment of Democracy in Haiti, MIDH, in the 45th legislature, "perceives the victory of the Lavalas political platform differently and acknowledges the victory of this political organization in the first round of elections throughout Haiti. According to him, the rise of the candidates of that political organization is linked to the popularity of the Lavalas political platform. Dr. (Antoine Joseph) declares that the defeat of the other political organizations should not be attributed to any sector."

Capoi-la-Mort 'Denounces' Intimidation Plan

95CA9170 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Jul 95

[FBIS Translated Text] The organization known as Capois-la-Mort denounces a plan aimed at terrorizing candidates who refuse to participate in the second round of Haitian elections. The organization's spokesman, Engineer (Franck Pierre), has encouraged the nation's political class to counter this macabre plan.

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Banxico Purchases $630 Million Worth of Tesobonos

PA1807151495 Mexico City NOTIMEX in Spanish 0923 GMT 18 Jul 95

[FBIS Translated Text] Mexico City, 18 Jul (NOTIMEX) — The Bank of Mexico [Banxico] has acquired $630.9 million worth of tesobonos [treasury bonds] from the lot that will become payable Thursday [20 July], which amount to $1.049 billion. Banxico issued a communique stating that, through this operation, the amount of tesobonos in the hands of the people dropped to $8.291 billion. At the beginning of January, the amount of tesobonos payable amounted to approximately $30 billion.

Bankers' Leader: Worst of Liquidity Crisis Over

PA1907042395 Mexico City XEW Television Network in Spanish 0430 GMT 18 Jul 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican Bankers Association President Jose Madariaga Lomeli assured on 17 July that Mexico had already overcome the worst part of the crisis. He added that the first semester was the key time to stay paralyzed or overcome our economic difficulties:

[Begin Madariaga recording] I think that in the first semester we overcame the most sensitive liquidity point within the system. In the second semester we will certainly enjoy a somewhat more comfortable situation in terms of system liquidity, but not yet in terms of an increase in domestic demand. [end recording]

However, he pointed out that credit availability is quite limited and he warned that the banks experienced the worst semester of the past 25 years:

[Begin Madariaga recording] We are trapped in a severe problem, that is, the banks themselves cannot obtain new funds allowing them to generate new credits to finance new productive cycles. [end recording]

The leader of the bankers, who participated in the 12th assembly of the National Agricultural Council, said that the risk of bank insolvencies related to overdue portfolios disappeared:

[Begin Madariaga recording] We have a financial system that should leave no safety doubts among investors. [end recording]

He said that interest rates will drop to under 30 percent by the end of this year.

Bidding for Privatization of Petrochemical Companies Ready

PA1907013895 Mexico City NOTIMEX in Spanish 2119 GMT 17 Jul 95

[FBIS Translated Text] Mexico City, 17 Jul (NOTIMEX) — The Mexican Energy Secretariat has reported the bidding process for the privatization of the petrochemical companies is ready. The government office added that the Mexican Privatization Commission and Mexican Petroleum (Pemex) must now decide when it is to start.

Attending the ceremony commemorating the 67th anniversary of the death of General Alvaro Obregon, Mexican Energy Secretary Ignacio Pichardo said Pemex and the Privatization Commission are the ones that have to set the dates and specifications for the bidding process, which is now ready.

Pichardo has said he does not foresee electricity rate hikes for the remainder of the year, because those are determined by the Action Plan to Strengthen the Agreement of Unity to Overcome the Economic Emergency (PARAUSE.)

He has said the Federal Electricity Commission [Comision Federal de Electricidad] will propose a new tariff policy to the economic cabinet at the end of 1995 in order to maintain a satisfactory balance between the cost of the service and the expenditures stemming from the rates. [sentence as received]

Regarding the significant drop in the price of oil during the past two months, he has said it was caused by several circumstances, such as the decrease in prices because less fuel is consumed during the summer.

Pichardo has said, however, the price of crude oil will be sustained in the medium and long term and will even register slight increases. Thus, the drop registered during the summer months will not have a significant repercussion in the tariffs.

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Guatemala

Index Affirms 3.2 Percent Growth in Jun

PA1907043395 Guatemala City SIGLO VEINTIUNO in Spanish 16 Jul 95 p 2

[FBIS Translated Text] Friday, 14 July, was no ordinary day for the Monetary Board. During its regular session, the board members learned of the document entitled *Assessment of the Monetary Exchange and Loan Policy During the First Half of the Year,* which contained the novelty that an Economic Activity Monthly Index [Indice Mensual de la Actividad Economica — IMAE] was presented for the first time in the history of Guatemala. This index affirmed the country grew 3.2 percent in June of this year, based on April data.

In addition, it explained that the government has a surplus of 483 million quetzals, that the commercial gap narrowed from $469 million during the first half of 1994 to $370 million during the same period in 1995, and that the inflation rate (9.15 percent) is the lowest in the last decade.

The document noted, however, that although fiscal revenues have gone up, the same has not happened with the government deposits in Banguat [Bank of Guatemala], the reason why the interest rates will continue unchanged (22.13 percent) until at least the remainder of the year.

The IMAE comprises 32 indicators of the most representative sectors of the economic categories (agriculture, industry, commerce, public administration, and defense), contributing to 75 percent of the value added to the national economy." [no opening quotation mark as published]

The growth expected for June of this year, based on April data, is 1.2 percent higher compared to the same period in 1994, and this finding reflects favorable results in the agricultural and livestock, industrial, and commercial sectors.

Banguat attributed the vitality in the agricultural sector to higher volumes of production and in the cultivated areas. Coffee, for instance, registered an increased production owing to higher international prices after weather conditions led to a smaller crop in Brazil.

As for the vitality of sugar production, the document stated *it is the result of greater external demand and higher prices, something which encouraged an increase in the harvest areas and yields. Banana production was helped when levels of production recovered once the labor dispute involving Bandegua [Guatemalan Banana Development Company, Ltd.], which hurt the 1994 production, was resolved.*

The favorable behavior of the country's manufacturing industry came about thanks to higher production of beverages and food prompted by an increase in the demand of those products in the Central American region.

Such results are complemented by other activities, such as increased oil production, which rose to 1.3 million barrels. This figure is 7.6 percent higher than during the same period last year.

The report added that construction permits for an area measuring 437,900 square meters were granted, meaning a 2.1 percent increase. The increase reflects a recovery in the construction industry, which had been experiencing a decline.

The behavior of certain spending variables also registers positive results, according to data up to May of this year. The government's investment spending has risen 78.9 million quetzals in real terms, resulting from the growth in the construction and contracts sectors.

Tap Has Been Closed

According to the report, at the close of the first half of the year, at least 286.9 million quetzals less than the first six months of 1994 had been issued. The only month where there was an increase in the volume of new bills printed was during April, as a result of demands prompted by Holy Week. It seems as if the 20 percent growth rate in the monetary flow would suggest an increase in liquidity and a loss of monetary control by Banguat.

The central bank document states that this result *does not respond to a growth in liquidity but that it is influenced by the fact that monetary emissions evolved at much lower rates during the first half of 1994.*

Banguat's net foreign assets (net foreign reserves) amounted to 3.62 billion quetzals, 959.1 million quetzals ($166.7 million) less than the ending balance for 1994, meaning, therefore, a demonetization process had taken place triggered by foreign causes, primarily as a result of the debt service payments to cover foreign short-term government obligations.

Banguat's net domestic assets (resources controlled by the bank) increased, however, by 672 million quetzals during the first six months as a result of the government repaying 381 million quetzals to the central bank and deposits having declined to 213 million quetzals. Banguat's net credit from this account decreased to 167 million quetzals.

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Interest Rate on the Rise

The document states that *the interest rates of open market operations carried out by Banguat during the first months of the year settled at levels similar to those recorded at the end of 1994. Nevertheless, the document states that interest rates recorded a significant increase as of the third week of March.*

The 364-days rate, which is the most representative interest rate in terms of the amount placed, settled at 19.49 percent, which implies 6.01 percentage points higher than at the end of 1994.

On the 182-day rate, a 9.34 percentage point increase was also recorded, given it increased from 9.76 percent to finally settle at 19.10 percent.

This increase in the interest rates means the government has had to increase the yield of its securities in order to attract market liquidity.

Nicaragua

Finance Minister Interviewed on Current Issues

PA1907032595 Managua LA TRIBUNA in Spanish 16 Jul 95 p 3A (Tentative)

[Report by Denis Garcia Salinas]

[FBIS Translated Text] Finance Minister Emilio Pereira, who is an engineer, is considered one of the pillars of the government, and he also directs the economic policy of the Violeta Chamorro government.

Pereira was selected as our guest politician this week, and in an interesting interview he discussed various issues of national interest. Pereira, who greeted us at his office at the Finance Ministry, ardously defended the economic policy being applied by the government in keeping with IMF and World Bank recommendations. Pereira denied that the government has a current account deficit, because current income was higher than current expenses in the past four years, he however, did admit that the government as a whole does have a current account deficit. [sentence as published]

Pereira also admitted that Nicaragua is the Central American country with the greatest taxation, because 20 cordobas are collected for every 100 GDP cordobas, while this figure stands at 13 in Costa Rica and seven in Guatemala. He noted that this difference is due to the IGV [General Value Tax] and because Nicaragua is a better tax collector. Pereira said that his tax philosophy seeks to discourage consumption through the levying of consumption taxes, but some basic staples are excluded. He also stated that the government is considering lowering the minimum salary on which income tax is levied to increase the pool of taxpayers.

The minister's statements about the possibility of renegotiating the country's debt with the Inter-American Development Bank [IDB], World Bank, and the IMF — a debt that has increased significantly during this period — caught our attention, because it is believed that such debts cannot be renegotiated. Another statement that caught our attention was that it is incorrect to assume that Cornap [National Corporations of the Public Sector] sold "many" companies that "were claimed by their legitimate owners." It is known that the government has not presented so far a "white book" that would allow us to determine how many properties were sold and for how much, which properties were claimed by legitimate owners, whether a property was sold to a government official or his relatives, and whether the government had to compensate a legitimate owner for an amount larger than the price at which Cornap "sold" a claimed property.

Pereira said that Aleman's economic plan does not differ "in any way from what we have been doing." He noted that Aleman's proposal has a "touch of revenge," and added that it "contains no substantive change" in comparison to the current government's economic policy that "has been criticized for opposing (economic) liberalism." Pereira said that if he were president he would maintain the same economic and political policies, but he would be willing to review the exchange policy that the current government has maintained. The transcript of the interview follows.

[LA TRIBUNA] The IDB, World Bank, and IMF do not pardon, reduce, or renegotiate loans while other creditors do. How much did Nicaragua owe these organizations as of April 1990 and how much does it owe them now?

[Pereira] About $1.5 billion. It received a $400 million loan. There is a precedent, but although I do not have specific data on the multilateral debt, it will be renegotiated, because our country has serious payment problems and is receiving little help.

[LA TRIBUNA] Cornap sold many companies that were being claimed by their legitimate owners. Cornap reported that nothing was left after deducting sale expenses. But the government has had to pay with bonds the owners of those companies and many others who were affected by the pinata-like giveaway. How much does the domestic debt resulting from the bond issuance amount to?

[Pereira] I would prefer that you ask Cornap because your claim that it sold many companies belonging to others is incorrect. Actually, there are a few exceptions of negotiations with the original owners. In certain companies it was not possible to establish an adequate work-

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ing environment between labor and management. In others, such the brewery, Coca-Cola, and Bell Liquors, the two parties managed to reach agreements. Exceptions were made to maintain productivity levels and never to harm anyone.

[LA TRIBUNA] It is said these bonds can be used to pay debts with the BND [National Development Bank] and Banic [Bank of Nicaragua]. If this is true, do you not think that the only beneficiaries will be persons linked to those institutions, because few persons whose properties were confiscated owe those institutions?

[Pereira] I do not know whose statement that is, but it has been discarded. The opposite is true. We want to create a culture in which credit is paid and investments are made in productive ventures. The confiscated have shown interest in the bonds. It is not that they will pay debts with them; I imagine that they want dilatory debtors to buy the bonds from them, wait until they gain in value, and then proceed to use them. We have been careful about this.

At this time we are in the process of expanding the use of bonds, and we have really not even considered, not even as a last resort, having bonds pay taxes just as loans are required to do. This would send a very bad signal to brokers. What we have considered doing is ratifying 100 percent of the privatization of TELCOR [Nicaraguan Telecommunications and Postal Services Institute] to back the bonds.

We are even proposing an increase in the percentage to be privatized, a proposal that would also complement an initiative presented by some deputies.

[LA TRIBUNA] The government capitalized state banking in 1992. It is now being said that state banking is once again bankrupt. What is the amount of state banking rediscount at the Central Bank that is going to be restructured during the next several years? Can it be said that this rediscount mechanism is a very covert way of capitalizing banking?

[Pereira] We carried out a financial reorganization of state banking during 1992. Keep in mind that this economy was coming from a hyperinflation, and from a culture where people were not used to repaying the state banks. Some well-known Higher Council of Private Enterprise [COSEP] leaders have said that they have been receiving loans from state banking, and depositing it in private banks. This is indicative of a very lazy culture. Not repaying loans represents a big problem for Nicaragua and means that there will be insufficient resources for the next generation. In addition, it is a very perverse way of distributing resources. The total amount owed by state banking to the Central Bank is approximately equal to 700 million [currency not specified], and this has prompted state banking to increase its legal reserves, and to bring their status with the Central Bank up to date, more so with the strong banking superintendency we have nowadays. Among the things we are doing is isolate overdue debts in order to attempt to recover it in a more effective manner. This debt will be dealt with in different manner, the banks will be strengthened, and thus become more efficient.

[LA TRIBUNA] How much does the government's current account deficit amount to? How much does the deficit amount to if state banking' transfers are considered?

[Pereira] The government does not have a current account deficit. This is one of the few countries in Latin America where revenues have surpassed current expenditures for the past four consecutive years. This is why the World Bank, and the IDB both believe that Nicaragua will not go through what Mexico did mostly because of the strong structure of our economy that finances itself mainly through taxes. Whenever we decide to carry out any public investment, current savings supports public investments, and it is here where external financing is required to complement our public investments efforts. Several economists have suggested that the government is spending too much. Current revenues have been surpassing current expenditures. Where we have been confronting problems is in the energy sector, which due to the drought and breakdown in the electrical plant, prompted us to resort to fuel for generation. All of these has caused much problems, in addition to increasing the overdue debt. This problem did cause a deficit, but in no way can this be attributed to the central government since rigorous austerity measures have been implemented. Therefore, in this respect we are quite at ease. In addition, all that myth about the government preparing to announce a tax increase during the Paris meeting. This is a very misleading way of manipulating the news. We have never promised that there will be no tax increase during 1995, and I dare say during the presidential period.

We do foresee an increase in revenues since a recent research by the DGI, and the DGA [expansions unknown] we found that there is a substantial amount of income and sales tax evasion. Furthermore, there is even a significant amount of undervaluation at the various customshouses. The only guarantee for the future would seem to be in taxes so that we can continue with our social programs based on tax revenues. It is not fair for some to pay while others do not.

[LA TRIBUNA] How much revenue is lost by the public treasury due to tax evasion?

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[Pereira] At the formal trade level, there is an undervaluation of 10 percent in imports; at an informal trade level (goods proceeding from Panama) it is as high as 25 percent. We estimate that approximately $80 million to $90 million in import taxes which should be paid are not paid. Income tax represents 9 percent of total tax revenues, similar to what it was in 1992. After three years of economic stability, the economy will grow 4 percent. In 1994 the economy grew 3 percent. Definitely, the taxes on individuals generating wealth and of professionals should be incremented. Tax evasion exists in the IGV [General Value Tax] which 90 percent of tax payers pay in Managua. The IGV is a tax levied on the purchases of individuals who receive higher incomes, since most of the basic family basket is exonerated. We don't believe tax collection can be increased by including the departments. We must make it clear that an increase in tax revenues is not a tax increase, but that taxes have reached the public treasury. Some individuals are passing the IGV on to the public. We can't tolerate this. In countries, such as Mexico, this is punishable by imprisonment, and is defined as patricide, because it is said that anyone who taxes the people and does not pay the government, is as if he were hindering the creation of jobs, better health, medicine, and the opening of new primary schools. We can't tolerate this. One example: For more than two years San Juan de la Selva financed itself with the IGV. Many restaurants have approached us to make arrangements for payments, as in the case of the Godoy artists of La Buena Nota. The owners of San Juan restaurant have accepted their mistake and an arrangement has been made.

[LA TRIBUNA] Will the government lower the IGV?

[Pereira] Those who made this proposal are not aware of the current situation. Taxes are necessary for the government to finance social programs. Foreign funds and assistance are just complementary.

In addition, deputies presented this proposal just a few days before our trip to Paris to meet with the Consultative Group. How can we ask the international community for more money if we ourselves are not doing everything possible? A wrong message is being given. We cannot lower the IGV on the amounts mentioned on a short term basis, otherwise we would be creating a fiscal deficit.

Furthermore, we are convinced the people would not be receiving this benefit. We had this experience before and the people did not receive that benefit. There is even a decree according to which fertilizers, pesticides, and the like are IGV-exempt.

Nicaragua has the highest prices because middlemen have increased their profit margins. The Assembly lowered the price of medicines but they have gone up by more than 35 percent since that time. There should be a combination: Lower governmental expenses and agree with the workers so they can work to raise their true salaries by other than pressuring for higher wages. It should be possible to ensure that middlemen transfer those benefits to the people. We are willing to revise, not only the IGV but also the municipal tax on production, which distorts the enterprises' stimulus to establish themselves in the country.

I think we will then hear people demanding the elimination of the Tax Code in agreement with the mayor's office. The DGI is preparing a round of talks with all productive sectors, talks that could be held by the end of the year, to discuss the possibility of reducing taxes. We will try to work for the people as much as possible. Definitely, we will have to do something. If we lower the taxes, but the people do not get the benefits, we would have attained nothing.

[LA TRIBUNA] It is said that Nicaragua's taxes are the highest in the region. What can you say about this?

[Pereira] Nicaragua is the most efficient creator of taxes in Central America. IGV was the only difference. But Costa Rica raised its tax to 14 percent and El Salvador raised its taxes, too. All Central American taxes are imitating Nicaragua.

When there is regional integration there is tax harmony. When a country's taxes are different than another's, investments move over to the other country. Why was the sales tax in Nicaragua the highest? There was previously a 10-percent Selective Consumption Tax or local industry tax and a 10-percent IGV. We lowered these two taxes, which amounted to 20 percent, to 15 percent.

When you have little money, it is necessary to discourage consumption. That is why a tax is levied.

[LA TRIBUNA] Recently there has been talk with respect to the likelihood of you being a candidate to the presidency of the Republic representing PRONAL [National Project] party. If you were president, how would you change the government's fiscal policy? How would you redistribute public expenditures? Would you continue with the current currency devaluation policy or would you fix the exchange rate?

[Pereira] After having attended the kick off of the Arnoldo Aleman campaign, I still had my doubts about several issues. I was especially concerned about Aleman beginning his campaign while still being the mayor. What he calls his economic plan which, by the way, he never explains how he is to do, in no way differs in content to what we have already been doing.

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In second place, I must say that we have not felt intimidated by the message we heard during his proclamation ceremony. On the contrary, I believe there will be two forces competing: one will be PRONAL, and the other will be Aleman's group. The PRONAL is being supported by many liberal sectors. In fact, my parents and grandparents all come from a liberal family, and I feel like a liberal.

On the other hand, Aleman contends that he is going to be president for all Nicaraguans, that there will be reconciliation, peace, civic spirit, and citizen participation. However, these are the same values President Chamorro has been promoting for quite some time.

Even more so, I was able to notice that he made some pronouncements without even mentioning Antonio Lacayo. Whether we decide to put Antonio Lacayo or any other candidate at the helm, our proposal will be far superior that Mr. Aleman's. Because his proposal, that carries a slight touch of vindictiveness, recommends changes in the country's economic program. His proposal offers no in-depth changes, and has even been criticized for being opposed to liberalism, and free trade. He has even spoken about restricting credit, and increasing interest rates, all of this in a country where there is high unemployment, and where the financial system is in need of modernizing. I would say that what we need to do during the next period is to perfect institutional efficiency.

Regarding macro-economic policy, I believe there is not much that needs to be done. It would probably be worthwhile assessing the possibility of fixing the exchange rate, but in order to do this we first have to be sure that we have been able to close all gaps. If we expect to make Nicaragua a pleasing place we first have to solve the property issue. Therefore, I envision no new VAT. I believe that the FSLN [Sandinist National Liberation Front] as an opposition force is not something we should be too concerned about, now or in the future.

Despite the fact that we were accused of having a joint government with the FSLN, we did propose a strategy of reconciliation and of open doors. Daniel, as well as Arnoldo promise reconciliation, peace, civic spirit, and to become the president of all Nicaraguans. This extraordinary historical accomplishment was made possible because of the efforts carried out by Mrs. Violeta Chamorro. I am currently debating whether to remain in the government, or to support the PRONAL campaign.

[LA TRIBUNA] Will you continue to maintain the same level of administrative discretion?

[Pereira] We have taken on the commitment of doing things in agreement with the National Assembly. Therefore, the discretionary feature of the economic guidelines must gradually begin to subside.

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Argentina

Menem: AMIA Bombing Investigation Will Yield Results

PY1807142695 Buenos Aires TELAM in Spanish 1237 GMT 18 Jul 95

[FBIS Translated Text] Buenos Aires, 18 Jul (TELAM) — President Carlos Menem emphasized today that the investigations being conducted to find the perpetrators of the AMIA [Argentine-Israeli Mutual Association] bombing, which he described as irrational and aberrant, will yield positive results.

The president pointed out: "The investigations have been conducted for a year, but there is no doubt that they will yield positive results in discovering the perpetrators and masterminds of that irrational and aberrant act."

Menem was asked by Radio America and Radio Libertad about the status of the investigations being conducted to discover the perpetrators of the terrorist attack against the AMIA, which took place exactly one year ago with a death toll of 86 and 200 injured people.

The president noted: "I believe it will not be too long before we have some kind of more accurate information on the status of the investigations."

The president then noted that he shares the remarks made by the trial judge (Juan Jose Galeano) that "the extradition of some detainees from Paraguay could supply more data on this issue."

The president then emphasized: "In Argentina, fortunately, there is no kind of discrimination." Afterwards, he emphasized that Interior Minister Carlos Corach; Alberto Kohan, the secretary general of the presidency; and Jorge Matzkin, the Justicialist Party [PJ] bloc leader in the Chamber of Deputies, "are Jews."

Menem was also asked about remarks made by New York Rabbi Avi Weis. Weis had emphasized: "In Argentina, serious investigations into the attack are not being conducted, because a serious investigation would indicate that government collaborators were possibly involved in the bombing."

In this regard, Menem emphasized: "He is totally insane, and he is not doing any good to the Jewish community. He is a man without sound judgment."

The president said: "This kind of allegation does not make any sense and there is no reason for it. I, therefore, believe the Jewish community in Argentina will issue a communique disavowing this man, who is obviously viewing an issue with which he is unfamiliar."

Menem explained: "It is not only our state investigation services, but also U.S. services like the FBI and the CIA, the Spanish police, and the French and Israeli investigation services that are involved here in the investigation."

The president said in conclusion: "Our commitment is to investigate (the AMIA bombing) until the bitter end."

Addresses Nation on Anniversary of Bombing

PY1807152095 Buenos Aires TELAM in Spanish 1319 GMT 18 Jul 95

[FBIS Translated Text] Buenos Aires, 18 Jul (TELAM) — President Carlos Menem has stressed that there will not be any impunity for the perpetrators of the attack against the seat of the AMIA [Argentine-Israeli Mutual Association], nor will they be forgotten, and maintained that the country will continue all its efforts to "discover and eradicate from the face of the Earth these cowardly assassins that are hiding in the shadows."

"There will be neither forgetfulness nor impunity for those who violated the sacred principle of life," Menem said, in a message that he addressed last night to the country, upon the occasion of the first anniversary of the attack that destroyed the seat of the Israeli association.

Menem also called on society to join ranks in order "not to let terrorism frighten us and divide us."

The following is the text of the presidential message:

"Brothers and sisters of my fatherland:

The dates 17 March 1992 and 18 July 1994 will remain in our history books as the most dramatic days since democracy was recovered in 1983.

One year ago we 33 million Argentines suffered the horror of being the victims of another cowardly act of aggression by international terrorism.

A shout of indignation rose from the rubble of the AMIA, just as it had risen from the rubble of the Israeli Embassy, uniting the voices of the men and women who love life above and beyond any kind of special interest.

In the midst of the grief, we understood that it was necessary that we should stand up, all of us together, in order to face this scourge of violence that is lamentably being suffered by modern societies.

During those hours we said that the attacks were directed at the Argentine people as a whole, and assumed the responsibility of identifying the perpetrators, accomplices, and instigators, and of pursuing them wherever they are and whoever they are in order to capture them and make them stand trial.

We know that in this responsibility, we are being supported by the Argentine people as a whole. The call

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for justice that comes from the throats of the victims is today a clamor that comes from the very center of our society, which is requesting justice, demanding that there be no loss of memory. A justice that will strengthen confidence in our institutions. A memory so that all society can confirm the need to destroy and preven any kind of violence, no matter where it is to be found.

There will neither be forgetfulness nor impunity for those who have violated the sacred principle of life. No matter what efforts we have to make, we continue to be determined to do everything possible to discover and eradicate from the face of the earth these cowardly assassins who are hiding in the shadows.

Our country has always expressed its solidarity with the victims that these criminals leave behind throughout the world, but today more than ever it is added to an implacable struggle in the defense of life.

At this time I wish to convey to the relatives of the victims the respectful condolences of all Argentines, and also to insist on the need to join ranks in order not to let terrorism frighten us or divide us.

The Talmud, that marvelous compendium of knowledge of the Jewish people, counsels that during times of pain and confusion one must recall the day of one's own death.

We do so today because all of us have died a little during these terrible days.

Brothers and sisters: I implore God to give peace to the victims, solace to the relatives, and justice for all."

Italy's Scalfaro, Menem Laud International Cooperation

PY1807141995 Buenos Aires TELAM in Spanish 1030 GMT 18 Jul 95

[FBIS Translated Text] Buenos Aires, 18 Jul (TELAM) — Argentine President Carlos Menem and Italian President Oscar Luigi Scalfaro agreed on the fact that international cooperation is a valid way to achieve world peace.

"President Menem's steps have opened the doors to international politics," Scalfaro said, and also lauded the behavior of the Argentine troops that are posted in areas where there are armed conflicts.

Menem highlighted "the spirit of Argentine cooperation with the EU," and outlined the "need to quickly progress with the ties of cooperation between the Old World and this part of Latin America."

The two chiefs of state spoke during the dinner in his honor that Menem gave for his Italian colleague at the Olivos residence. Vice President Carlos Ruckauf, cabinet chief Eduardo Bauza, and Foreign Minister Guido Di Tella were also guests.

During another passage in his address, Scalfaro highlighted the "admiration of the Italian community regarding Argentina's progress," and lauded the "economic policy that is being implemented in Argentina."

Menem emphasized the need to "strengthen this new stimulus that has been given to bilateral cooperation," and added that Argentina "is undertaking a strengthening of the dialogue on topics linked to international politics."

Meets Menem, Gives News Conference

PY1907020695 Buenos Aires TELAM in Spanish 2104 GMT 18 Jul 95

[FBIS Translated Text] Buenos Aires, 18 Jul (TELAM) — Italian President Luigi Scalfaro today asserted that Argentina — as a member of Mercosur [Common Market of the South] — and Italy — as an EU member — will establish mechanisms for the formulation of joint economic projects.

He said: "We discussed Italy's and Argentina's contributions to the development of joint economic activities, bearing in mind that they are members of the EU and the Mercosur."

Following his second working meeting with Argentine President Carlos Menem, Scalfaro held a news conference at the Alvear Palace Hotel in Buenos Aires.

On the fifth day of his state visit to Argentina, the Italian president claimed that "I look on Argentina as if it were my home because of the amiability with which President Menem treated me."

He also attributed his familiarity with Argentina to "the enormous Italian community that is firmly rooted in Argentina, but that has a deep love for its recollections of Italy and for Italian culture."

The Italian head of state pointed out that during his meeting with his Argentine counterpart, he had raised the subject of the need to bolster trade and cultural exchanges between both countries.

Upon being asked about the possibility of reactivating the Treaty of Particular Association between Italy and Argentina, which provided for lines of credit for productive projects at preferential interest, Scalfaro replied: "President Menem and I were of one mind about that."

The Italian president recalled that pursuant to the Italian parliamentary system of government, "the president of the Republic is the head of state, but does not

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have executive duties," which are discharged by the "prime minister," a position currently occupied by Silvio Berlusconi [as received].

Scalfaro nonetheless pointed out that "there was concurrence of ideas with President Menem — who indeed is the executive head of state — concerning the boosting of economic cooperation, particularly with regard to small- and medium-scale enterprises."

The Treaty of Particular Association signed with Italian authorities 10 years ago under President Raul Alfonsin contemplated the establishment of a credit fund by Italian banks for imports of Italian machinery and the promotion of joint ventures between both countries.

Even though the scope of this treaty was restricted for several reasons, the Italian and Argentine governments have now agreed to convene a meeting of the treaty's mixed managing commission for September to discuss ways of reactivating economic cooperation.

Scalfaro confirmed these joint efforts when stressing "President Menem's overwhelming support for those negotiations with the Italian Government."

Changing the subject, the Italian head of state denied having demanded of President Menem "the speedy extradition of the former Nazi high-ranking official Erik Priebke" (who is under house arrest in the City of Bariloche), or having discussed "changes in the UN Security Council."

"We did not talk about those issues," he said categorically, in response to questions about those topics.

Nevertheless, diplomatic sources insisted that Italian authorities expect Argentina's endorsement of their position on the reorganization of the UN Security Council.

With regard to the request filed by relatives of descendants of Italians who were reported missing during the most recent military regime in order for the Italian judicial system can accelerate lawsuits against the former commanders in chief [who ruled Argentina at that time], Scalfaro recalled that "the independence of the three branches of government precludes politicians from meddling in these matters."

Argentine Cabinet Chief Eduardo Bauza; Foreign Minister Guido Di Tella; Deputy Foreign Minister Fernando Petrella; and Jorge Campbell, international economic relations secretary, also participated in the meeting between Scalfaro and Menem at the Olivos presidential residence.

Before meeting with the Argentine president, Scalfaro visited the Basilica of Lujan, where he stayed for some minutes.

Brazil

AEB President Views Current Projects

95SM0418A Sao Paulo TECNOLOGIA & DEFESA in Portuguese Unknown No. 63 pp 8-10

["Excerpts" from interview with Luiz Gylvan Meira Filho, president of the Brazilian Space Agency, by Cosme Degenar Drumond, in Brasilia in mid-April 1995: "Brazilian Space Agency"; introductory paragraphs in boldface as published]

[FBIS Translated Text] **The Brazilian Space Agency (AEB) is a civilian agency of the Federal Government and is responsible to the president of the republic. Established on 10 February 1994, its purpose is to manage the country's space activities by establishing guidelines for that sector.**

At this beginning stage of its existence, it has drawn up the current National Policy for the Development of Space Activities. The next steps will be to strengthen international cooperation—which already exists with China, France, Argentina, and the United States—and encourage universities, research institutes, and industrial firms to participate in specific projects while also identifying the commercial possibilities of space technologies and services, the purpose being to generate social and economic benefits for Brazil. The AEB is working on the formulation of a domestic space program.

Practical results are already being achieved in connection with some of those goals. The space agency recently signed a document providing for future cooperation with its Russian counterpart. Domestically, it has gained the support of university groups in carrying out research aimed at creating domestic solutions to highly complex technological problems. This June it will visit France to participate in the 41st Le Bourget Air and Space Show. There it will sign a new cooperation agreement with the CNES [National Center for Space Studies] (the French space agency). In Brazil, it is monitoring progress in the development of the Complete Brazilian Space Mission (MECB).

Since their very beginnings, space activities have generated innumerable benefits for humanity, especially in the fields of telecommunications, weather and climate prediction, natural resources, navigation, and science. They have also made tremendous applications possible in other areas such as medicine and the production of goods and services, especially in the areas of microelectronics, informatics, and new materials.

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Brazil has always monitored those developments closely. For the past 30 years, our country has been investing in the training of specialists and the building up of a space infrastructure. In addition, it has contributed to the establishment of an industrial plant of excellent quality which earns valuable funds for the country every year. The Brazilian Space Agency therefore serves to round out that reality. A little late, to be sure. But according to its leaders, it has a willingness to help Brazil in the search for its desired autonomy in that area.

In Brasilia in the middle of this past April, TECNOLOGIA & DEFESA interviewed the president of the Brazilian Space Agency, Luiz Gylvan Meira Filho, an electronics engineer who was trained at the ITA [Aeronautical Technology Institute] and obtained a doctorate in astro-geophysics from the University of Colorado in the United States. Here are the main excerpts from that interview, which took place at the space agency's headquarters.

[Drumond] What has the Brazilian Space Agency achieved since it was established?

[Gylvan] In these first few months, it has updated the National Policy for the Development of Space Activities, and that policy has been approved by the president of the republic. Now we are preparing the space activities program, whose goals are set five, 10, and 15 years in the future.

[Drumond] What is the official policy regarding the space agency's involvement with Brazilian industry?

[Gylvan] The law establishing the AEB stated specifically that the attempt would be made to work increasingly with universities and industrial firms. It also called for including representatives of the scientific community and industry on the space agency's Higher Council. They serve for two years. The agency's basic structure includes an entire department, with its own specially appointed director, that is already seeking to work more closely with those sectors.

[Drumond] Does this mean that the agency will hire domestic firms to work on space projects?

[Gylvan] Industry is in fact being hired by the government's large laboratories—the INPE [National Institute of Space Research], for example. The AEB's involvement is aimed more at being familiar with—staying informed about—the sector's industrial capability and trying to help in a more basic way by guaranteeing that the firms will have access to the government's human resources and laboratories. It is necessary to identify gaps where, according to the space program, certain technologies are needed in order to promote the development of those technologies in Brazil.

[Drumond] And in that area, what is happening in connection with the universities?

[Gylvan] What we are doing is working to systematically identify university groups that have the basic competence for participating in the space program. The space agency is trying to promote an interest in that field.

[Drumond] As part of that government proposal, what is being offered to the universities?

[Gylvan] The encouragement of directed and conceptually different research in the universities. The space agency must approach the university sector and say: "Look, it is important to develop research in this area. Who will volunteer?" It must also allocate funds through agreements with the university organizations with the understanding that the groups concerned must be available to work on the solution of problems in the space program.

[Drumond] Has that kind of proposal already been made?

[Gylvan] Yes. And there is good news. There is a group that can be considered one of the best university groups in the country in the field of engineering, and it has volunteered to form a consortium to cooperate with the space program.

[Drumond] Which group is that?

[Gylvan] It is a consortium involving the Aeronautical Technology Institute, the USP [University of Sao Paulo] Polytechnic School, the Coppe (Coordination Board for Postgraduate Engineering Programs] in Rio de Janeiro, the Pontifical Catholic University in Rio de Janeiro, and the Federal University of Santa Catarina.

[Drumond] From the standpoint of its chain of command, how does the entire structure involving the Brazilian Space Agency, the Ministry of Science and Technology, and the Ministry of Aeronautics function?

[Gylvan] The law establishing the agency is very clear when it says that the government's activities in this sector are organized in a systematic way. Those bodies are made subordinate to the space activities policy and program. The agency cannot make decisions or submit a proposal to the president of the republic without first consulting all the other bodies. That is why the Higher Council exists. Once consensus on the space program has been reached within the government, the implementing bodies become subordinate to the space agency for the purposes of the program.

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[Drumond] Besides those ministries, will the agency also work with other government bodies?

[Gylvan] In day-to-day operations, the agency will deal when necessary with the Secretariat of Strategic Affairs, the Ministry of Foreign Affairs, and the Armed Forces General Staff [EMFA].

[Drumond] So there is provision for the agency's involvement with the military?

[Gylvan] Although the space agency is a completely civilian body, there exists an interface with the military side, which is represented, as far as science and technology are concerned, by the EMFA.

[Drumond] Brazil has a long tradition of scientific cooperation with the United States. In the space sector, is Brazil interested in further intensifying the cooperation that already exists—with the possibility of sending a Brazilian astronaut along on a U.S. manned mission?

[Gylvan] The interest exists, especially in connection with training programs and programs for laboratory work at NASA, that being a basic and important thing for Brazil. Taking the long-term view, the framework agreement recently signed between the two countries opens up prospects and possibilities for intensifying that cooperation. The possibility of sending a Brazilian astronaut along on a NASA mission exists, just as it also exists with Russia. All we have to do is decide on the appropriate time for doing so. The doors are open for Brazilian participation in projects for establishing a space station in the next century. Case-by-case decisions will have to be made in keeping with the outlines of Brazilian space policy.

[Drumond] In the case of Latin America, what are the prospects for Brazil's cooperating with the other countries in the space field?

[Gylvan] Brazil has been trying to explore those possibilities in various ways: through joint work with Argentina for the integration and testing of the Argentine satellite and through a program operated by the Ministry of Science and Technology for helping the other countries install data collection platforms that can use the free services provided by our series of data collection satellites or even in other ways that are periodically discussed in Latin American space interest forums, an example being the one recently held in Santiago, Chile.

[Drumond] What areas are going to be treated as priorities by the Brazilian space program?

[Gylvan] So-called space systems applications include areas such as remote sensing, natural resources, meteorology, communications, geodesy and navigation, and long-distance education. In the field of communications, for example, that participation is extremely important—so important that commercial applications already exist—and it will be concerned not with operating telecommunication systems but with promoting the continuing development of those systems in Brazil or seeking systems specially adapted to Brazilian conditions.

[Drumond] In the case of microsatellites, is Brazil interested in working in that area?

[Gylvan] Microsatellites are of interest in the scientific area. In some sectors, for economic reasons, there is an obvious interest in building the largest satellite possible. A very typical example is the field of telecommunications, where satellites are huge, weighing over one metric ton and carrying a great number of channels. That reduces the operating cost per unit. Microsatellites are instruments for purely scientific research. They are either launched by smaller rockets or included in operations for launching big satellites. Brazil is developing projects in that area in cooperation with the Brazilian Academy of Sciences, and it is going to send a microsatellite into space along with the CBERS [China-Brazil Earth Resources Satellite], which will be launched in 1996.

[Drumond] The first satellite in the Brazilian Space Mission—SCD-1—has now been in low orbit around the earth for over two years. SCD-1's expected lifetime was originally one year, but the satellite is still functioning. Does the space agency have an alternative ready in case SCD-1's services are interrupted before the second Brazilian satellite is launched?

[Gylvan] SCD-1 is decaying in space. That is normal. It happens for two reasons: either because of stabilization problems or because of problems with the satellite battery. The INPE is constantly evaluating that decay curve. If the satellite leaves a specific orbit, it will no longer be useful. SCD-1 is part of the network of data collection platforms, and the intention is that the services now provided by that satellite will continue to be provided by SCD-2 in the future and, after that, by the same satellite that is being fabricated in cooperation with China. So if the operation of SCD-1 is interrupted, the idea is to use the services of other satellites to take over its functions.

[Drumond] Surveillance of Brazil's Amazon Region has been a concern of the government. Obviously, space resources are intended to help the government exercise greater surveillance of that region. What do you think about the matter?

[Gylvan] The Amazon Region is a national priority. There are several technological programs concerned with what we want to do in that region, and they do in

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fact depend on space solutions. In formulating the space program, special attention will be paid to requirements in connection with the Amazon Region.

[Drumond] Naturally, Brazil's fortunate position on the equator is a good inducement to our country to provide space services to Latin America. Do you have any idea of the business potential generated by the space area on our continent at the moment?

[Gylvan] That argument is valid in the area of remote sensing and meteorology. Disregarding the purely technological aspect and thinking solely of the applications of space technology, the value of the business that the Latin American market might generate for Brazil in one way or another would be of the same order of magnitude as that generated by the Brazilian economy. But the commercial aspect of the matter is not the space agency's responsibility.

[Drumond] In conclusion, what, in your opinion, is the main objective that the government hopes to achieve with the Brazilian space program?

[Gylvan] The idea of space exploration is something very similar to the history of the Portuguese, who in the past developed the technology of navigation and discovered a new world. The National Policy for the Development of Space Activities outlines general and permanent objectives. And it requires that the entire space program keep constantly in view an economic and social return for Brazil.

Views Space Accord With France

95SM0418B Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jun 95 p C-6

[Article by Virginia Silveira: "Space Agency Signs Accord"]

[FBIS Translated Text] Sao Jose dos Campos—On the 16th of this month, during the Air and Space Show at Le Bourget, the Brazilian Space Agency (AEB) and France's National Center for Space Studies (CNES) will sign a general agreement on technical-scientific cooperation in the field of space. According to Gylvan Meira Filho, president of the AEB, the agreement with France calls for developing small satellites and microsatellites for applications in the areas of environment, earth observation, and telecommunications.

Besides the satellites, Brazil and France may cooperate in developing satellite propulsion systems. The National Institute of Space Research (INPE) is interested specifically in the technology for apogee motors (known as AKM's, or apogee kick motors), which are used to place a satellite in circular orbit. Apogee motors also enable satellites to achieve orbits higher than 2,000 km, for example.

According to the president of the AEB, the mastery of AKM technology will be important to the development of Eco-8, a satellite mobile telephone system whose satellites will follow an equatorial orbit 2,000 km above the earth. Cooperation with France also covers the development, integration, and testing of space systems, training, and follow-up courses—that is, accepting trainees and organizing joint technical and scientific events and courses.

In the field of international partnerships in the scientific area, the AEB has also signed a cooperation agreement with NASA of the United States for including a Brazilian experiment on the next mission of the U.S. space shuttle in 1996. That experiment is an infrared remote sensing imaging camera.

According to Gylvan Meira, the INPE will develop the camera and deliver it to NASA. It will consist of an earth observation system with an average ground resolution of 80 meters from an altitude of 300 km. The camera will be used mainly to study geology and vegetation.

"The flight will also enable Brazil to test methods for calibrating remote sensing cameras," said the president of the AEB.

The INPE's imaging camera has been under development by the institute for about three years, and it was designed for use in the Chinese-Brazilian satellite program called for under an agreement with China. The program is budgeted at $150 million and covers the construction of two remote sensing satellites. The INPE, which is responsible for the Brazilian portion of the project, has a 30-percent interest in the program. The timetable calls for launching the first series-produced satellite in October 1996.

According to Meira Filho, the space agency intends to look for new international partners in order to speed up development of its space program. The Aerospace Technical Center (CTA), for example, is going to begin a program aimed at replacing one or more stages of the Satellite Launch Vehicle (VLS), now propelled by solid propellant, with stages using storable liquid propellant. "This project may receive help from international partners in meeting our needs," he said.

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Privatization Program Challenges Discussed

95SM0426A Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jun 95 pp B1, B4

[Article by Lucia Reboucas: "Challenges of Privatization"]

[FBIS Translated Text] Sao Paulo—The new phase of the privatization program begins on 11 July with the sale of the first electricity company, and it also marks a widening of the discussions about privatization—discussions which until now have been polarized in a Manichaeistic debate between pros and cons.

The current subject of debate is not privatization itself but the question of how and how quickly denationalization should proceed in the electricity, mining, and petroleum sectors—there being no more legal impediments to the process in their case—and in the telecommunications sector.

The questions being posed have to do with the cost-benefit—should the privatization program be subordinated to a short-term economic stabilization strategy?—and with the redesigning of the institutional regulation of the sectors to be privatized, meaning chiefly the electricity and telecommunications sectors.

The view taken by Sergio Prado at the seminar on "Privatization and Support of the Real"—sponsored by the Institute of Public Sector Economics (IESP)—is that subordinating the program to the denationalization policy contributes to fiscal adjustment, expands the conditions for access to foreign capital, and improves investments in basic sectors. But since it involves the sale of assets worth from $15 billion to $20 billion in the short term, it has contributed to a lowering of the price of the firms. In addition, it is making it more difficult to attract foreign funds.

The government ends up needing domestic capital, and that, again, means a drop in the price of the assets to be privatized, says Prado.

Brazil is following the model adopted by Argentina, as Minister of Finance Pedro Malan said during a luncheon held in Sao Paulo by the National Association of Stock Distributors (Adeval). Argentina is the country that has carried out the most through privatization programs, but in doing so it has not produced any structural and permanent contribution to fiscal adjustment.

According to Prado, the basic risk involved in using privatization as a politically less burdensome means of fiscal financing is that it postpones the reform that is in fact necessary and the the devaluation of the national wealth. In his opinion, Brazil's situation differs from that in Argentina, and Brazil is in a position to adopt other means in order to avoid hasty privatization.

He discusses one of the government's main arguments for selling government-owned firms—the need for investments which the government is in no position finance—with the following remark:

"The shrinkage in investments by government-owned firms is due in large part to the restrictions imposed by the government itself through its tariff policy and in connection with access to financing. The government seems to be trying to sell the existing assets while simultaneously inducing the private sector to assume responsibility for the necessary new investments. Those objectives may be in conflict with each other. The favorable terms being offered to buyers make the acquisition of assets attractive, but they do not guarantee additional investment, something that depends not only on expectations regarding stabilization but also—I repeat—on an adequate redefinition of the regulatory atmosphere. Moreover, the hasty sale of assets drains away limited private funds that could be channeled into investments in increased capacity by privatizations on the periphery of those same sectors."

To bring about a rapid recovery of investment in the sectors of mining, electricity, and telecommunications and ensure the essential improvement in the country's systemic competitiveness, reorganizing the mixed economy would be more effective than assigning priority to the sale of assets, Prado said.

Social Impact

Although selling assets as provided in the current privatization program will in fact result in favorable inflows to the budget and the capital account, it may lead to a deterioration of sectors that are essential to the economy's competitiveness, resulting in harmful effects on the consumer, in Sergio Prado's opinion.

Selling assets also does not take into account another social impact: the loss of jobs. The generation of jobs was one of the main arguments used in favor of nationalization. The firms privatized so far have laid off more than 24,250 workers.

According to Prado, privatizing the sale of assets [as published] is associated with the loss of jobs. But he emphasizes that in a broader sense, privatization gives a boost to investments in those sectors and ends up contributing to the creation of new jobs.

Electricity Sector

Jose Luiz Lima, a professor and an expert on the electricity sector, is critical not of privatization but of

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the fact that the government is initiating the sale of firms without first coming up with new regulations for the sector. The problems in the electricity sector start with the fact that both federal and state firms exist. The state firms are powerful, a situation that has complicated the political setup of the electricity sector. For example, that situation prevented the success of the National Electric Energy System (Sintrel), a consortium set up to centralize power transmission.

The government can privatize the federal firms that distribute and generate electricity, but it can do nothing with the state firms. Private firms would have to deal with them. For example, a private generating firm would have to bow to the demands of the CESP [Sao Paulo Power Company, Inc.] every time it entered the latter's concession area.

Another point that is not being considered, according to Lima, is the fact that the state firms are organized vertically. A single firm generates, transmits, and distributes power. Deverticalization is necessary in a scenario involving private firms, and the state firms have been intractable when it comes to breaking up operations. The trend in international reforms carried out in the electricity sector has been toward deverticalization. The British reform introduced "spot" markets, and energy ended up being transformed into a commodity. Now there are threats to supply. According to Lima, the British program did not solve the problem of supply. Transforming energy into a commodity obeying the laws of the market has prevented long-term supply planning.

In Argentina, reform of the sector was based on the British experiment. And the result is that that country now has the biggest spread between the cost of energy generated and that of energy distributed. The spread in Argentina is 1:5. In Brazil, for example, it is 1:2. Privatization in Chile included deverticalization. But that country is having problems with medium- and long-term investment in electricity generation, and the possibility exists that it will face an energy shortage.

In Lima's opinion, the question of supply is vital and is not receiving proper attention in the privatization plan for that sector. In his view, the ideal solution would be to establish a single centralized power transmission firm, either private or government-owned, that would regulate generation and distribution.

Telecommunications Sector

Privatizing the telecommunications sector without redesigning its institutional framework in such a way as to reorganize the systems to meet Brazilian conditions may leave the sector worse off than it is now. That is how Marcio Wohlers de Almeida analyzes the situation.

As a result of the new industrial revolution, telecommunications is no longer synonymous with telephones; it has become synonymous with information traffic. The result is that it has ceased to be a traditional "public utility" and become a business in its own right, a fact that has required structural reforms. Brazil is the only emerging country that has made no change in that sector over the past five years, analyst Almeida points out.

As a result of the reforms, two types of firms have come to exist in that sector. The purpose of the first is to serve the customers. That is the case with France Telecom, which, in order to serve French multinationals, is directing its activity toward Latin America, where it is taking over transmission networks. The other type consists of firms providing value-added services, one example being the British Telephone Company, which sells data communications.

The objective of both types of firms is to enter Latin America and then reach the U.S. market, says Almeida. The American market requires reciprocity before foreign firms are allowed to operate there—in other words, anything a foreign firm can do in the United States, U.S. firms must be allowed to do in that firm's country. So serving U.S. firms from Latin America has become a European strategy.

Brazil's main problem in opening up its telecommunications sector is the question of how it is going to relate to those firms and also with U.S. companies operating both types of firms. In Almeida's opinion, the question to be answered is how Brazil is going to join in that international game: will it participate actively or passively?

According to him, the model presented so far by Minister of Communications Sergio Motta does not answer the question. That model provides for a mixed system in which government-owned and private firms will coexist. There are two problems with that proposal: investments give priority to the most profitable systems, and government-owned firms will be less able to compete with international giants in the sector.

Social Security

Another question has to do with the privatization of social security. The government has relegated it to the background. In Chile, for example, the privatization of social security has generated funds for direct and indirect investments in the economy.

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Colombia

Police Chief To Explain DEA Role in Cali Raid

PA1907022295 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 19 Jul 95

[From the "24 Hours Newscast"]

[FBIS Translated Text] [Station announcer Paula Jaramillo] The Office of the Prosecutor General of the Republic has issued a communique explaining the work by DEA agents in Colombia, in the wake of the incident involving the chase and escape of Miguel Rodriguez Orejuela. Here are some excerpts, quote: Only prosecutors and judges are qualified to order and conduct raids. In the specific case of the raid on apartment 402 of the Colina de Santa Rita Building, the presence of U.S. DEA agents fell within the framework of international cooperation agreements signed with the National Police. The Office of the Prosecutor General will immediately investigate the alleged irregular activities. Unquote.

[Station announcer Ana Maria Trujillo] Moreover, National Police Director General Rosso Jose Serrano must explain to the defense minister the participation of DEA agents in the pursuit of Miguel Rodriguez.

[Begin recording] [Reporter Marta Rojas] In view of the presence of DEA agents in the frustrated attempt to capture Miguel Rodriguez Orejuela last weekend in Cali, the defense minister demanded an explanation.

[Defense Minister Fernando Botero Zea] In view of the controversy and doubts that have arisen, I have asked Gen. Serrano to write me a detailed report in order to understand the issues of this case.

[Rojas] The official affirmed the DEA can operate here but not on its own. He added that its involvement did not hinder the capture of Rodriguez Orejuela. [end recording]

Attitudes Toward Peace Process Surveyed

95CA0304A Santa Fe de Bogota EL TIEMPO in Spanish 9 Jul 95 p 3A

[Unattributed article]

[FBIS Translated Text] On the subject of peace, the public appears reluctant concerning two aspects: The first pertains to demilitarizing the municipality of Uribe (Meta), to establish a possible negotiating process with the guerrilla movement; and the second is viewing the guerrilla chiefs confined in jails as negotiators for their organizations.

This is revealed in a poll taken by the firm Yankelovich Acevedo & Associates, contracted by EL TIEMPO, among 500 persons in the country's four leading cities (see Technical Record).

In fact, 45 percent of the Colombians questioned do not think that Uribe should be cleared militarily to negotiate the peace; whereas 21 percent declare themselves in favor of its total demilitarization.

Only seven percent of those surveyed support the government's proposal, consisting of an intermediate method: clearing the entire municipality except for its urban area, in which the Military Forces would be stationed.

The others polled (20 percent) believe that it would suffice to clear certain sections of that locality, which has an area of 7,119 square km, to establish the possible peace negotiations.

On the question as to which of the two sides (government or guerrillas) initially proposed the clearing of Uribe to carry out the first contacts, those polled had a clear viewpoint.

For example, 46 percent of those queried responded that the guerrilla movement was the one that initially suggested Uribe's demilitarization. This, in fact, was the case, according to a letter from the FARC [Revolutionary Armed Forces of Colombia] dated 3 January of this year.

The poll also shows that 55 percent of those questioned do not favor the prisoners being negotiators. This result conflicts with the desire of the Executive Branch, which tacitly agreed to communicate in jail with Francisco Galan and Felipe Torres, of the ELN [Army of National Liberation], and Francisco Caraballo, of the EPL [People's Liberation Army].

A total of 36 percent of the individuals queried think that the guerrilla spokesmen should negotiate from jail with communications facilities.

Although the armed rebels insist that their negotiators must leave the jails for purposes of the dialogue process, only six percent of those surveyed expressed approval for this option.

Another finding from the poll is that the government should negotiate with the entire guerrilla movement at the same time, and not with each group separately. Sixty percent of the population consulted agree with this position, while 37 percent believe that it would be possible to negotiate with each movement separately.

The trend in this response coincides with the government's assessment, claiming that it "would prefer" to negotiate with the Guerrilla Coordinating group (CG)

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as a whole, rather than attempt to do so with each organization.

The CG is comprised of the ELN, the EPL, and the FARC. There is another group known as Jaime Bateman Cayon, which is situated outside the CG.

Judging from recent events, the situation is tending to move in this direction—in other words, toward conducting a joint process, as revealed in the communiques issued by the FARC, the EPL, and the ELN. Each one has mentioned the Coordinating group whenever it discusses rapprochements for peace. Similarly, the priest Manuel Perez, supreme leader of the ELN, has hinted in his two latest statements that, if the conditions are present, the ELN top echelon might go to the municipality of Uribe, where the FARC also would be located.

All this indicates that the old divisions among the various subversive groups that arose after the failures of the dialogues in Caracas and Tlaxcala—where it was claimed that the slowest car (referring to the EPL) was pulling the train (that is, the ELN and the FARC)—have been surmounted.

There are serious expectations regarding a possible message coming from the three organizations within the next few days.

The fifth question listed in the survey relates to the performance of Defense Minister Fernando Botero Zea, compared with the work that his office has been doing.

In response, 47 percent describe it as fair, while 44 percent claim that it has been good.

Who initially proposed the demilitarization of Uribe? [figures are percentages]

The guerrilla movement	46
The government	38
Don't know/no answer	16

Do you think that the government should negotiate: [figures are percentages]

With the entire guerrilla movement at the same time?	59
With each of the guerrilla groups separately?	37
Don't know/no answer	4

With which of the following statements do you agree? [figures are percentages]

The prisoners should not be negotiators	55
The guerrilla spokesmen should negotiate from jail with communications facilities	36
The guerrillas' spokesmen should leave jail to negotiate	6
Don't know/no answer	3

What is your opinion of the way in which Defense Minister Fernando Botero is performing his job? [figures are percentages]

Good	47
Bad	5
Don't know/no answer	4

Technical Record

Date of execution: 5-7 July 1995. Title of the poll: Public Opinion Poll—"The Guerrilla Movement." Contracting firm: EL TIEMPO. Executed by: Yankelovich Acevedo & Associates. Persons polled: males and females over age 18 from the six social strata. Methodology: Random sampling by telephone in Bogota, Cali, Medellin, and Barranquilla. Total surveys: 500 (total maximum margin of error: 4.5 percent).

Breakdown of Poll [margin of error figures are percentages]

City	No. surveyed	Approximate maximum margin of error
Bogota	197	7.1
Medellin	94	9.8
Cali	110	9.8
Barranquilla	99	9.8

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Social Pact Signatories Said 'Optimistic'

95CA0303A Santa Fe de Bogota EL ESPECTADOR in Spanish 3 Jul 95 p 6B

[Interview with government, ANDI, and CUT representatives by staff writers Rocio Cuellar Rocha and Hector Hernandez M.; date and place not given]

[FBIS Translated Text] The Social Pact's credibility in the eyes of its signers remains undamaged, despite the fact that the annualized inflation figure for the first half of this year is by no means gratifying: It stands 3.66 percentage points above the 18 percent target.

Although the majority of workers agreed on wage increases according to the Pact formula: that is, 18 percent plus 2.5 percentage points for productivity, and many business owners have not made increases exceeding the inflation target, this effort does not appear to be reflected in results as of June.

The annual consumer price index stood at 21.66 percent at the close of the first half-year.

This same index had been 21.30 percent in May, and 21.17 percent in April, showing that the upward trend became intensified in June.

The responsibility for this excess lies with the government, but not for its lack of interference in controlled prices, because during the first six months they had been rising at least below inflation until June, at 13.81 percent. Rather, it is due to the government's management of spending. The Central Bank had to limit its intervention in interest rates with the government's commitment to curtail its spending by 550 billion pesos.

For this reason, the axiom of the ex-Constituent Assembly member and the Central Bank's ex-codirector, Carlos Ossa, fits perfectly. It says: "If the government's public spending rises precipitously, regardless of how committed the workers are to certain wages, or business owners are to meeting targets in terms of prices, the expectations of inflation ensure that the chances of attaining the inflation goals set in the Social Pact are dashed."

But now the government is returning the ball, by claiming that the 18 percent target was imposed by the Bank of the Republic's board, and that the Pact is merely a complement. Development Minister Rodrigo Marin has no doubt that, without the Pact, inflation would be taking off far more precipitously.

EL ESPECTADOR spoke with representatives of the three parties that achieved the Pact, who maintain that they have kept their commitment. Their expectations continue to be optimistic.

[EL ESPECTADOR] How true is it that the Social Pact has already failed, based on the latest data on inflation?

[Carlos Arturo Angel, president of the ANDI (National Association of Industrialists)] According to the DANE [National Administrative Department of Statistics] data on inflation as of May, it has declined over two percentage points compared with last year's annualized figure. During the first five months of this year, it was still below the 18 percent target set by the economic authorities for this year. Therefore, no one can claim that the target will not be met, much less that the Social Pact has failed. The Pact is a tripartite agreement whereby the government, business owners, and workers assumed the commitment to remain within certain bounds of price and wage hikes that would be compatible with the target. All the participants have kept their commitments insofar as they were able, and this cannot under any circumstances be considered a failure of the agreement.

[Rodrigo Marin Beranl, minister of economic development] There is one indispensable clarification: The Bank of the Republic's board of directors, based on its exclusive responsibility, has set the inflation target, and decided on the macroeconomic policies to ensure that it is met. The Social Pact is a new instrument, intended to contribute to the success of the action aimed at the proposed objective: to cut inflation to levels that will be compatible with the productive performance of the economy and the population's welfare. The success of the Pact is undeniable. The statistics prove it. Without its effect, inflation would not be at the present level, but rather considerably higher. Here is an example serving as evidence: The prices of goods and services subject to the commitments assumed by the government are currently rising 19.44 percent; whereas, until May 1994, they had been doing so at a rate of 27.47 percent. In other words, the rate is eight percentage points lower.

[Hector Fajardo Abril, executive officer of the United Workers Confederation (CUT)] Reaching the conclusion that the Social Pact has failed because the inflationary targets set by the Bank of the Republic are not being attained simply means ignoring its purposes and substance. The Pact is more than a curb on inflation: it is an instrument intended to contribute to the generation of a culture of concerted action, consolidation of the tripartite system, and elimination of the anti-trade union and anti-business conduct that has typified Colombia. In this respect, I believe that some major gains have been made.

The Pact also seeks to introduce a policy of price moderation and control in the country. The goal of the Pact is to include in the country's economic and productive

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culture factors such as productivity, quality, and efficiency, so as to make Colombia more competitive.

[EL ESPECTADOR] What is your assessment of the Social Pact for the first half of this year?

[C.A.A.] As has already been remarked, a strict discipline has been maintained in the area of wages, as well as in prices of public and private goods and services. And, although some of them have departed from the parameters set, they have done so for justified reasons in the vast majority of cases. They have been associated with adverse conditions for international prices, or the need for making larger internal hikes for reasons of structural adjustments. Therefore, the assessment is satisfactory, especially if one considers that the periodic meetings of both the monitoring commission and the Pact commission are continuing to be held in a disciplined manner. Thus, they are setting an example of concerted action that the country has not seen in the past.

[R.M.B.] It is justifiably satisfactory. During its last two sessions, the monitoring commission has examined the honoring of commitments on the part of the government and the workers. Next Thursday, the document prepared by the business owners will be discussed. The assessment inferred from these exercises is simply optimal.

[H.F.A.] The assessment could be better if all the participants in the Pact had kept their commitments in their entirety: the government, on all levels, by keeping a strict rein on prices of the goods and services under its control; the business owners, by taking the risk of keeping prices stable and improving the quality of their products; and the Bank of the Republic, by permitting a prior control of interest rates.

[EL ESPECTADOR] One of the objectives of the Pact was to break the inertia of inflation. Has it really been broken?

[C.A.A.] If breaking the inertia means reducing the inflationary process to zero, I would have to say no. But if breaking the inertia means de-indexing the economy, the Social Pact has made highly significant progress in the areas of productivity, prices, and wages.

[R.M.B.] The greatest and most tangible achievement of the Social Pact is having dashed the inflationary expectations stemming primarily from the specter of past inflation. Now, two factors that had never been taken into consideration are predominant: future inflation and productivity.

[H.F.A.] I believe that inertial inflation is being broken. The experts accept this, and the trends reflect it. Inflation will stand below 20 percent this year.

[EL ESPECTADOR] What do you expect from the Social Pact during the coming months?

[C.A.A.] I expect it to continue with the same dynamics that it has brought, giving the battle against inflation a better opportunity for monitoring prices, and for holding a frank, open discussion of the problems confronting Colombia in this respect.

[R.M.B.] The consolidation of the downward trends being shown by the variation in the consumer price index (CPI). Its historical performance warrants this forecast. Furthermore, the decisions that the government already has implemented, entailing a conspicuous fiscal sacrifice, have a favorable trade-off: they dissipate gloom and accentuate the possibilities of winning the battle against inflation soon. So, what is expected of the Pact? Identical responsibilities and a larger accumulation of positive results. And the latter will be greater if the impact that the decline in interest rates will have on the structure of costs is properly appraised.

[H.F.A.] With the measures recently adopted by the government, in cooperation with the Bank of the Republic's board of directors, I expect continued consolidation of the trend toward curbing inflation. I expect the government not to sacrifice social policy, and business owners to give up their policy of laying off workers, and to provide for an effective self-control over the prices of their products.

[EL ESPECTADOR] Do you really believe that the conditions are present for an extension of the Pact's effective term?

[C.A.A.] The processes of concerted action cannot be consolidated overnight; therefore, in our view, following the analysis of its flaws and good points, consideration should be given to its extension.

[R.M.B.] This first version of the Social Pact has an effective term agreed upon for 24 months. The merits of its goals and the success of the action taken in total fulfillment of the commitments contracted by the government, the workers, and business owners bode a remarkable capacity for the instrument to endure in time.

[H.F.A.] The Social Pact and concerted action are strategic policies for Colombian society. Therefore, regardless of the results of the present Pact, a constant effort must be made until concerted action becomes a standard and a golden rule for relations among the different factors of society.

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ANIF Comments on Future of Social Pact

95CA0309B Santa Fe de Bogota EL ESPECTADOR in Spanish 5 Jul 95 p B1

[FBIS Translated Text] Santa Fe de Bogota—The results of inflation's performance for the first half of the year have baffled everyone.

Dismay also took possession of the Bank of the Republic's board of directors which, after a costly monetary tightening, failed to bring the consumer price index down to the desired levels.

Since March, the Social Pact has lost its stabilizing effect. On the contrary, the goods and services included in this agreement are showing a substantial reactivation of prices.

The president of the National Association of Financial Institutions (ANIF), Javier Fernandez, commented: "To notice the stabilizing effects of the Pact since February, a very large magnifying glass is required, or one must be in the government, or almost there."

According to the director, it is virtually certain that, without the initial effort to lower public service rates, inflation today would be bordering 23 percent.

Inflation for the whole year now stands at 21.66 percent, and for the half, at 13.81 percent.

Yesterday, these rates triggered an enormous concern among the various economic agents, who predict that what is most certain is a necessary adjustment of the original projections on the cost of living performance.

The failure to meet the 18 percent target is again proving disastrous for business and the economy in general, since we shall now be counting on an inflation standing between 20 and 21 percent by the year's end.

Even the World Bank had already warned that the consumer price index in Colombia would be 20 percent in 1995.

ANIF questioned the position of the DANE [National Administrative Department of Statistics] director, Maria Luisa Chiappe, who attributed the reactivation of inflation to the high interest rates posted on the financial market.

In ANIF's opinion, it would have been better if the Bank of the Republic's board of directors had been responsible for that assessment.

Nevertheless, ANIF shares this appraisal.

Heading for the Worst

The bankers and the business sector fully accepted the Central Bank's decision to reduce the cash reserves in the financial system, and to immediately release 300 billion pesos.

They commented that this procedure would help to quickly reduce the interest on credit and, consequently, to revive private investment.

The ANIF president remarked: "There will be some who criticize that release of money, because of its possible inflationary effects, but we think that a reduction in financial costs will help to prevent an inflationary disaster."

He then pointed out that, with the rates being posted on the money market, the country was about to enter the worst of worlds: recession combined with inflation.

The money supply is growing by only 13.1 percent, which made it possible to reduce cash reserves.

Some Private Schools Rejecting Social Pact

95CA0309A Santa Fe de Bogota EL TIEMPO in Spanish 5 Jul 95 p 9B

[Report from Regional Center of the Southeast]

[FBIS Translated Text] Education has again demonstrated its rebellion against the Social Pact proposed by the national government to reduce inflation. The private schools in Valle, Cauca, and Narino decided not to accept the 18 percent increase in tuitions and boarding fees and, since yesterday, parents have been facing hikes exceeding 30 percent.

At least 4,000 private schools in the southwest, on schedule B, disregarded the penalties to which they would be subject. With the increase, many of the establishments will have a tuition exceeding 45,000 pesos.

The president of the National Association of Private School Principals (Andercop), Luis Carlos Tenorio Herrera, reported that he had sent a message to Education Minister Arturo Sarabia Better, informing him that they were waiting for the regulations on tuitions and boarding fees in the new General Law on Education.

According to Tenorio, as of yesterday no response had been received; which he interprets to mean that the authorities accepted his position. Andercop was hoping that the government would keep its commitment to provide the regulations for Article 202, and to submit the classification by levels for schedule B schools before 1 July.

Tenorio claimed that the most disturbing aspect is that 17 institutions, especially on lower levels, have announced their imminent closing. The association's president remarked: "Schools with monthly tuition payments

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of between 30,000 and 45,000 pesos could not survive with only 18 percent, and not even with 21 percent. Therefore, they are willing to increase costs and accept penalties."

Tenorio added: "Private education covers at least 60 percent of the country's requirements, and it is impossible for its activity to be obstructed."

Parents pointed out that, last year, when the Pact was not in effect, the increases reached as much as 150 percent. Valle's education secretary, Nelson Rafael Vargas, claimed that no school could raise its tuitions over 18 percent, and announced that he would meet today with the representatives of those establishments to seek an agreement.

According to Tenorio Herrera, the board of directors of the Junior Lieutenant Real Principal School in Cali (an institution which he heads), consisting of parents, teachers, the productive sector, and students, accepted the 30 percent increase. That bilingual school has tuitions totaling between 250,000 and 300,000 pesos.

Meanwhile, the board of directors of the German School in Cali, according to that institution's general secretary, Fabio Diez, authorized a 25 percent increase. The request has been submitted to the Education Secretariat, and the response is being awaited. Last year, tuition of 70,000 pesos was being charged.

In northern and central Valle, the monthly tuition payments for the 1995-96 term average 37,000 pesos, with the 30 percent hike. For example, at the Sacred Heart of Jesus School in Tulua, the tuition for the secondary level is 26,000 pesos.

At the same time, for example, the Cauca Secretariat of Education approved a 22 percent increase for the Champagnat School.

The parents' associations of the Popayan private institutions have not made any pronouncement on the subject. In view of this situation, some citizens, in a solitary battle, have registered complaints of excesses.

In Popayan, some schools, such as Los Andes, charge 164,000 pesos for tuition and 47,000 for board, in grades six to nine. For grades 10 and 11, it is 156,000, not including the price on the pre-university level; and the boarding fee is 49,250 pesos. In the Cauca capital, they are waiting in suspense for the results to come from a special commission of the Secretariat that is reviewing the matter.

A Complicated Lesson

The schools' boards of directors are not the only ones expressing opposition to an increase that would not affect the cost of the family shopping basket excessively. In Narino, the education secretary himself, Javier Alvarez Leon, declared it absurd to maintain the 18 percent raise in tuition and boarding fees for this academic year.

For the present, the tuitions in that department have been suspended until the General Law on Education has its regulations. Last year, the raises were 40 percent on the average, and it is thought that, for this effective term, a concerted agreement will not be easy.

Alvarez Leon remarked that the idea is to make the increases equitable.

The educational authorities in Santander and Bolivar, among other departments, have imposed penalties on schedule A establishments that disregarded the Social Pact at the beginning of the year.

In Risaralda, the Education Secretariat penalized the British Columbian English High School Foundation; the La Salle, Bethlehemites, John Paul II, Rafael Reyes, Luis Carlos Galan, and Saint Rose of Lima Schools; the Specialized Pedagogical Institute (INPE), the Aunt Monica Kindergarten in Pereira, and the Maria Goretti school in Santa Rosa de Cabal, for making increases exceeding 50 percent.

The penalty consists of requiring them to return the money or to apply it to the next monthly tuition payment. In some establishments, this requirement has not been met, with various excuses given.

In Huila, only one case was reported, involving the Itre School, which charged tuitions with an increase of over 50 percent.

Peru

Fujimori To Meet Defense Council on Ecuadoran Proposal

PY1907031995 Lima America Television Network in Spanish 0100 GMT 19 Jul 95

[FBIS Translated Text] President Alberto Fujimori revealed today that in the next few days he will meet with the National Defense Council to evaluate the Ecuadoran proposal for a demilitarized zone in the upper Cenepa River region.

President Fujimori made this comment at El Valor Military Base in Bagua.

[Begin recording] [Unidentified reporter] Five months after the cease-fire, President Fujimori returned to El Valor Military Base in Bagua. He was welcomed by General Luis Perez Documet, chief of the Sixth Military

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Region. Asked about the Ecuadoran proposal for a demilitarized zone submitted on 15 July to the members of Mission of Observers of the Guarantor Countries, President Fujimori said:

[Fujimori] We have not officially received notification of the exact borders of the demilitarized zone. Once we receive it, I will summon, as president of the Republic, the National Defense Council to determine the Peruvian position. But naturally this goes first to the guarantor countries, and they will also study it.

[Reporter] Would that evaluation with the National Defense Council be made this week?

[Fujimori] Yes, this week.

[Reporter] President Fujimori also discarded the notion that the five captured terrorists who perpetrated the car-bomb attack on the Maria Angola Hotel are the same ones who placed a bomb in front of the house of Congressman Victor Joy Way.

[Fujimori] Five Shining Path terrorists have been captured. Two of them prepared the car bomb, two acted to protect the others, and one actually positioned or placed the car bomb. The head of the gang, who happens to be a female school teacher, has been fully identified, but has not been captured.

[Reporter] Regarding the presidential inauguration and the speech he will deliver, Fujimori did not want to given any details. Fujimori only said that although the visit of Cuban President Fidel Castro has not been confirmed, there will be an important Cuban delegation, along with 10 Latin American presidents. President Fujimori came to El Milagro Military Base in Bagua with his daughter Keiko Sofia and some of her friends. He also visited Condorcanqui Province. From this point, Fujimori went by boat to Santa Maria de Nieva, where the majority of the population is comprised of (Aguaruna) and (Huambiso) Indians, and mestizo. President Fujimori talked to them about the recently promulgated land law. He assured them that the Indian lands will not be touched, and that the educational and health system will improve under his next administration. [end recording]

Draft Bill on Labor Union Regulations Published

95SM0409A Lima EL PERUANO (LEGAL SUPPLEMENT) in Spanish 5 Jun 95 pp 1-8

["Text" of draft Congressional bill on labor union rights, regulations]

[FBIS Translated Text]

Draft General Labor Law

Collective Labor Relations

The undersigned congressman of the republic, Ricardo Marcenaro Frers, a member of the New Majority-Change 90 Alliance, pursuant to the right of legislative initiative provided for in Article 190 of the Political Constitution of Peru, proposes the following bill:

Whereas:

Article 28 of the current Political Constitution enshrines the rights to unionize, to bargain collectively, and to strike, and entrusts the State with safeguarding the democratic exercise thereof.

Almost three years after the issuance of the First Law of Collective Labor Relations, it needs to be refined so as to ensure better labor relations.

It is appropriate to incorporate the contributions and recommendations of the International Labor Organization [ILO], as well as the suggestions of the various organizations that represent workers and employers, which are designed to improve the regulation of collective labor relations in our country.

As a means of helping to strengthen the culture of democracy and further the task of national reconstruction that the recently reelected government has undertaken, the redrafting of the Collective Labor Relations Law is a social necessity that cannot be postponed.

The Democratic Constitutional Congress, etc. Has issued the following law:

Title I

Scope

Article 1. This law governs the rights to unionize, to bargain collectively, and to strike, so as to safeguard their democratic exercise, in keeping with the provisions of Article 28 of the Political Constitution of the State.

Article 2. Its scope comprises the workers subject to the labor arrangements of the private sector.

Title II

The Right To Organize

Article 3. The State recognizes the workers' right to unionize, without prior authorization, in order to protect and defend the interests of members, as well as to study and pursue objectives conducive to their comprehensive advancement.

Article 4. Affiliation is free and voluntary. A worker may affiliate or not affiliate with or disaffiliate from a

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union. Employment may not be made subject to any of these actions.

Article 5. The State, employers, and the representatives of both must refrain from any act that tends to hinder, restrict, or undermine in any way the workers' right to unionize, and from intervening in any way in the creation, administration, or maintenance of the union organizations that they establish.

Article 6. In accordance with their sphere, unions may be:

a) Company unions, formed by workers in various professions, trades, or specialties, who furnish services for a single employer.

b) Activity unions, formed by workers in various professions, specialties, or trades from two or more companies in the same branch of activity.

c) Trade unions, formed by workers from various companies who practice the same trade, profession, or specialty.

d) Associated-craft unions, formed by workers in various professions, trades, or specialties who work for various companies or companies engaging in different activities, when in a given place, province, or region the number of workers is below the legal minimum needed to establish other kinds of unions.

Article 7. Unions may be organized on the local, regional, or national level. In such cases, in order to fulfill its purposes within a company the union may establish a "union section" made up of all its affiliates.

Article 8. In order for a company union to be formed and continue to exist, at least 20 workers must affiliate with it.

In order for any other type of union to be formed and continue to exist, at least 50 workers must affiliate with it.

Article 9. In order to become a member of a company union, a worker must be employed by that company, and not be part of management, or hold any position of confidence, unless the bylaws expressly so allow; nor may he belong to any other union in the same sphere.

To be a member of a union of any other kind, a worker must be engaged in the corresponding activity, profession, or trade and not be affiliated with another union in the same sphere.

Article 10. Unions may establish or constitute higher-level bodies, a right that may not be impeded or thwarted.

In order to constitute a federation, no fewer than two registered unions of the same activity or class must join together. In order to constitute a confederation, no fewer than two federations must join together.

Article 11. The purposes and functions of union organizations are:

a) To represent their affiliates vis-a-vis the employer and the appropriate authorities in labor disputes, demands, or conflicts.

When demands have been made by a higher-level organization, the participation of the lower-level unions that make it up is ruled out.

b) To enter into collective labor agreements, under the terms of this law, to demand compliance with them, and to exercise the rights and actions that arise from such agreements.

c) To defend their members in individual disputes or claims. Judicial representation is governed by the provisions of the pertinent laws.

d) To sponsor the creation and promote the development of cooperatives, funds, and, in general, bodies for the assistance and social advancement of their members.

e) To promote the cultural enhancement and general, technical, and union education of their members.

f) In general, all purposes and functions that are not at variance with their essential purposes or with the law.

Article 12. Union organizations are barred from:

a) Devoting themselves institutionally to religious, profit-making, or partisan political matters, without detriment to freedom of opinion about the government's economic and social policy.

b) Allocating social funds or assets for purposes other than the ones that are the object of the union organization or that have not been duly authorized in the manner prescribed by the law or by the bylaws.

c) Distributing directly or indirectly income from or holdings in union assets.

d) Engaging in or encouraging activities that run counter to the law, public order, or proper custom and usage.

Article 13. The establishment of a union shall be recorded in a document indicating place, date, and names of members; it shall also include the approved bylaws and the names of the elected board of directors.

Article 14. The establishment of the union and all acts that entail a modification of its bylaws or executive bodies, as well as the appointment of union leaders,

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must be recorded in the Registry of Union Organizations of the Public Registries.

The legal requirements having been fulfilled, registration may not be refused.

As of its registration, the union is governed, in terms of its legal status and whatever is not provided for in this law, by the provisions of the Civil Code that are applicable to associations.

The Office of Public Registries shall forward to the Ministry of Labor and Social Promotion a copy of the registration record for statistical purposes.

Article 15. The union must inform the employer or employers within its sphere of the members of and any changes in the Board of Directors within five working days of any such changes.

Article 16. The assembly is the highest union body. In company unions, it is constituted directly by the members. In others, as well as in those whose members work in different localities, it may be established through delegates, whose decisionmaking powers shall be granted in advance or ratified afterwards by the rank and file. The delegates must belong to the workplace that they represent.

Article 17. The board of directors manages and legally represents the union and is formed in the manner and with the powers determined in the bylaws.

Article 18. At the request of the union and with the written authorization of each affiliated worker, the employer is obliged to deduct from pay regular and special union dues, in the latter case when they are common to all affiliates.

Article 19. The legal rights of organized labor ensure that certain workers may not be fired or transferred to other establishments of the same company without duly demonstrated just cause or without their approval and that they may make use of leaves of absence and released time to discharge their functions.

The requirement of worker approval does not apply when a transfer does not prevent him from filling the post of union leader.

Article 20. The dismissal of a worker is null and void when motivated by:

a) His affiliation with a union or his involvement in union activities;

b) His being a union leader or a candidate therefor or having acted in that capacity within the previous three months.

The judicial voiding of a dismissal entails the reinstatement of the worker in his job and the payment of the remuneration that he failed to receive during the duration of the litigation, deducting for the periods of procedural inactivity not attributable to the parties.

Article 21. The following are protected by the legal rights of organized labor:

a) The members of the organizing commission of the union being formed, from the time that the application for registration is submitted until three months later.

b) The members of the board of directors of unions, federations, and confederations, as well as the delegates of the "union sections."

Barring an agreement between the parties, the number of leaders protected, in first-level unions, shall not exceed three if the union has up to 50 affiliates, adding one per 50 additional affiliates up to a total of 12; in federations, two leaders multiplied by the number of affiliated unions, and in confederations up to two leaders multiplied by the number of affiliated federations, under no circumstances exceeding 15 leaders or providing for more than one per company.

c) The delegates mentioned in Article 28 of this law.

The inclusion of any of the workers mentioned in this article in a group dismissal requires specific justification.

Article 22. The duration during the regular workday of paid released time designed to facilitate union activities shall be deemed work time for all legal purposes up to the limit established in the collective bargaining agreement.

Union released time may not be granted or modified by an administrative act or regulation nor by the decision of an arbitrator, except, in the latter instance, by express request of the two parties.

Article 23. In the absence of a contractual provision that grants a more generous benefit, an employer is obliged only to grant released time for attendance at obligatory meetings or for collective bargaining. For the purposes of this law, the legal or contractual workday at the workplace where the meeting has been called is deemed a leave-of-absence day.

The following are the union leaders entitled to request released time from an employer to attend obligatory meetings:

a) The secretary general or assistant secretary, or whoever stands in for them;

b) The secretary of defense; and

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c) The secretary of organization.

Article 24. Union released time shall be computed on an annual basis. In the event of a vacancy or the resignation of the designated leader, the person replacing him shall continue to make use of the remaining union released time.

Article 25. A union can be dissolved:

a) By a resolution of an absolute majority of its members;

b) By merger or absorption;

c) If any of the events provided for in the bylaws for this purpose takes place;

d) If the constitutive requirements are no longer met;

e) If activities that run counter to the public order or to proper custom and usage are engaged in.

In the cases provided for in clauses a), b), and c), dissolution occurs by operation of law and does not require a prior judicial decree. In the case of clause d), a person demonstrating legitimate financial or moral interest shall appeal to the appropriate labor-court judge so that, with the notification of the union, he can confirm that constitutive requirements are no longer met and declare dissolution. If a disagreement arises in this regard, the judge shall apply the provisions of Article 753 and following articles of the Code of Civil Procedure. In the case of clause e), the party that demonstrates a legitimate financial or moral interest may request dissolution and may appeal to the Attorney General's Office to ask the appropriate Labor Division of the Superior Court to dissolve the union, adhering to the procedure provided for in Article 96 of the Civil Code. Registration shall be canceled by sole virtue of a ruling that orders the dissolution of the union and that is final or not appealed.

Article 26. Unions and federations may withdraw from higher-level organizations at any time, even if an agreement to the contrary exists.

Article 27. The dissolution of a federation or confederation does not affect the continued existence of the lower-level organizations that make it up.

Article 28. In companies in which more than 50 percent of the workers are not affiliated with a union, the workers as a group may elect, by an absolute majority of no less than 20, two delegates to represent them vis-a-vis their employer and the Labor Authority.

The election of the delegates must be reported to the Labor Authority and to the employer within the following five working days.

If a majority of the workers affiliate with a union, the mandate of these delegates shall automatically lapse.

Article 29. The organizations of workers to whom labor relations do not apply shall be governed by the provisions of this title, to the extent that it applies.

Article 30. The establishment of employers unions requires a minimum of two in the same activity, an equal number of unions to establish a federation, and an equal number of federations to form a confederation.

The provisions of this law apply to them to the extent that they are pertinent.

Title IV

Collective Bargaining

Article 31. A collective bargaining agreement is an agreement designed to regulate pay, working and productivity conditions, and other matters having to do with relations between workers and employers. It is entered into, on the one hand, by one or several labor union organizations or, in their absence, by expressly elected and authorized representatives of the interested workers, and, on the other, by an employer, group of employers, or one or several organizations of employers.

Article 32. A collective bargaining agreement is binding on the parties that adopt it, and this binding force extends to the entire respective bargaining unit under the provisions of Article 38.

The parties may establish whatever scope, limitations, or exclusions they independently agree on in accordance with the law.

A collective bargaining agreement does not extend to managerial workers or workers who hold positions of confidence.

Article 33. In collective bargaining agreements, normative clauses are those that have a bearing on individual employment contracts. While they are in force, they are interpreted as legal provisions.

Obligatory clauses are those that set forth rights and duties of a collective labor nature between the parties to the agreement and that ensure or safeguard compliance with the normative section.

Delimiting clauses are those designed to regulate the bargaining unit and the duration of collective bargaining.

Obligatory and delimiting clauses are interpreted in accordance with the terms of the contracts.

Article 34. A collective bargaining agreement has the following characteristics:

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a) It applies by operation of law to all aspects of the labor relation on which it has a bearing. Individual contracts are automatically governed by it and may not contain contrary provisions to the detriment of the worker.

b) It is in force as of the date that the parties determine and for the entire period that they agree on. In the absence of such agreement, it extends for one year as of the day following the expiration of the previous agreement or, in the case of an initial bargaining or a submission after the expiration date, from the submission of the list of demands.

c) It remains in force until it expires, in the event of a merger, transfer, sale, change of line of business, and other similar developments.

d) It must be formalized in writing in three copies, one for each party and the third for submission to the Labor Authority, and must be disseminated appropriately.

Article 35. The collective bargaining agreement may contain clauses of varying durations:

a) Permanent clauses, which remain in force as long as they are not revised.

b) Clauses temporarily not subject to revision, which cannot be negotiated during the period that the parties agree on.

c) Clauses with an expiration date, which expire and cease to apply altogether as of the stipulated expiration date.

d) Ad hoc clauses, which expire when a contract consideration is executed.

In the absence of an express stipulation, clauses are in force for the life of the collective bargaining agreement.

Article 36. The bargaining unit may be:

a) The workplace

b) The company

c) The branch of activity

d) The trade union

e) Any other that the parties agree on

Article 37. If there is no prior collective bargaining agreement in any of the bargaining units mentioned in the preceding article, the workers decide automatically the level at which they shall undertake the initial bargaining.

If there is a collective bargaining agreement at any level, a resolution of the parties is an indispensable requirement to enter into another one at a different level as a replacement or complement. Neither the decision of an arbitrator nor an administrative act or regulation may establish one.

The different levels of bargaining sessions that the parties conduct must be coordinated to define the issues that shall be addressed at each. In the event of a conflict, the most favorable agreement is applied in its entirety, having been defined as such by an absolute majority of the workers included in the lower-level agreement.

Article 38. The right to bargain collectively in the workplace or company belongs to the union, group of unions, or coalition of workers representing an absolute majority of workers in the respective bargaining unit. The resulting collective bargaining agreement extends to all workers in the unit, with the sole exception of those who hold managerial posts or positions of confidence.

As an exception, a minority union may bargain collectively, subject to a prior agreement between the parties. The agreement, in this case, applies only to its affiliates.

Article 39. In the cases of bargaining by branch of activity or trade, the union organization or organizations must represent an absolute majority of workers in that activity or trade; moreover, it or they must comprise an absolute majority of companies at the local, regional, or national level, all of which must be given notice directly or indirectly.

Article 40. Representation of the workers in the bargaining is undertaken by a commission consisting of no fewer than 3 nor more than 12 members, with the following restrictions:

a) The delegates mentioned in Article 28 when a coalition is bargaining.

b) Up to three union leaders when the union organization has fewer than 50 affiliated workers in the company.

c) One additional union leader, up to a maximum of 12 per each 50 workers in excess of the number indicated in the previous clause. The names of the representatives appear in the proposal that they submit.

Representation of the employer or employers is undertaken by the representatives that they appoint in a written note sent to the other party; they may not exceed the number of worker representatives.

The appointment of the representatives mentioned in this article necessarily entails the authority to take part in the negotiations, to engage in all of the procedural acts inherent in them, to sign any accord and—should the case arise—any collective bargaining agreement, as well as to agree on and take part in arbitration.

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Article 41. The parties may be advised at any stage of the process by licensed professionals and by leaders of higher-level organizations with which they are affiliated.

The advisers must restrict their involvement to the sphere of their professional activity and may under no circumstances replace the parties in the negotiations or in decisionmaking.

Article 42. The collective bargaining begins with the submission of a proposal that must contain a draft collective bargaining agreement with the following items:

a) The name and registration number of the union or unions signing it, and a single address for notification purposes.

If a union does not exist, information identifying the coalition of workers.

b) A list of the members of the negotiating commission with the requirements established in Article 40.

c) A recommendation as to the bargaining unit and the business name and address of the company or of each of the companies or employers organizations included.

d) Demands regarding pay, working and productivity conditions, and other issues, which must be in the form of clauses and, if necessary, refer to the preexisting clause that they seek to modify, and constitute a harmonious whole within a single draft agreement.

e) The signature of the union leaders designated for this purpose by the assembly, or of the accredited representatives in the event that there is no union.

Article 43. The proposal may be submitted within the 60 calendar days preceding the expiration of the collective bargaining agreement in force. In the case of bargaining at a workplace and company, it is submitted directly to the employer. If the latter refuses to take receipt of it, it shall be submitted through the Labor Authority, and the date on which it was received in the Incoming Documents Office shall be regarded as the submission date. When the bargaining takes place elsewhere, submission is made through the Labor Authority.

Article 44. At the request of the workers' representatives, the employers must furnish information on the economic, financial, and labor situation of the company, insofar as this is not to its detriment.

Absent an agreement between the parties as to the content of the information, the employer must furnish at least the audited financial statements, or the balance sheet for the most recent fiscal year, as appropriate, general wage information relative to the bargaining unit by levels of employment and total amounts, barring express authorization from the workers themselves to individualize such information, as well as any projects for the expansion, retrenchment, modification, or technological reconversion of the company and any training programs.

The workers, their representatives, and their advisers may use the information only as part of the bargaining and are obliged to maintain absolute confidentiality about its content, under penalty.

Article 45. The collective bargaining must begin, barring a pact to the contrary, within ten working days after the proposal is submitted and is conducted within the time period initially agreed upon by the parties and on the occasions that they deem appropriate.

During the bargaining the employer or employers may propose in writing new clauses or the revision, suspension, or deletion of existing ones.

The parties are obliged to negotiate in good faith, to make proposals and offers that are conducive to an agreement, and to refrain from any action that might be harmful to the other party, without detriment to the legitimately exercised right to strike.

Minutes are obligatory only to record agreements that have been made; the parties have the option of recording the requests or offers that they make.

Article 46. If one of the parties or both by joint agreement decide not to continue the direct bargaining, then it is deemed concluded. In such case, they are free to request conciliation or mediation, to propose arbitration, or in the case of the workers, to resort to a strike.

Article 47. If either of the parties so requests, the Labor Authority shall convoke conciliation, which shall be undertaken by a specialized, qualified technical body. The parties may, however, entrust the conciliation to private individuals if they so agree.

As many conciliation meetings as necessary shall be held, as long as the parties are willing to hold them. If one of the parties fails to attend or, while attending, does not agree to continue, it shall be regarded as concluded.

The conciliation must be characterized by flexibility and simplicity; the conciliator must play an active role in promoting a compromise between the parties and is bound to professional secrecy regarding whatever information he acquires in the course of the collective bargaining.

Article 48. The parties may also ask the conciliator to act as a mediator or request the mediation of a third party. The mediator has the same rights and obligations as the

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conciliator. The proposal that the mediator submits is made known to all workers and employers involved. The proposal must be rejected or accepted by the assembly in the case of the workers and by the general management in the case of the employers.

Nonacceptance of the mediation proposal does not compromise subsequent arbitration decisions.

Article 49. Either of the parties may propose submitting the dispute to arbitration at the close of the direct bargaining, the conciliation, or the mediation, which does not preclude resorting, as an alternative or afterwards, to other peaceful means of settling it. If such a proposal comes from the workers, the representatives of the employer must designate an arbitrator within the following ten working days. The representatives of the workers must do likewise when the proposal comes from the employers, except if the former decide, within the same time period, to go on strike.

Article 50. Once the dispute has been submitted to arbitration, the workers must refrain from striking.

In the opposite case, if the workers have decided to strike, this does not prevent them from subsequently proposing to the employer that the dispute be submitted to arbitration—which, however, is admissible only if the latter expressly so accepts.

If the employer does not respond in writing to the proposal for arbitration by the third working day after it is received, the proposal is regarded as accepted, and the provisions of the following articles apply.

Article 51. The makeup of the arbitration body is decided by joint agreement of the parties. Should there be no express agreement in this regard, a three-person panel consisting of one arbitrator designated by each party and a chairman designated by the two arbitrators is automatically established. If either of the parties fails to make the corresponding appointment, or if there is no agreement on the designation of the chairman, the appointment shall be made by lots drawn by the Labor or Combined Division of the Superior Court of the respective judicial district, from among the arbitrators appearing on the list registered with this court. To this end, the organizations representing the workers and the employers at the local, regional, or national level shall by joint agreement draw up the list of arbitrators and register it with the Superior Court of the respective judicial district. Absent an agreement, the Labor or Combined Division of Superior Court shall make the appointment, and the aforementioned organizations may make whatever proposal they deem appropriate.

Article 52. The panel is constituted when the chairman is named. The arbitrators may be challenged by the party that named them pursuant only to grounds that arise after their designation.

The party that did not take part in their designation may challenge only the other party's arbitrator or the chairman of the Arbitration Panel within three days of learning of the appointment and only on the grounds established in Article 55.

The challenge procedure does not interrupt the arbitration process and shall be resolved without further formalities and peremptorily by the Labor or Combined Division of the respective judicial district, whose decision may not be contested.

Article 53. In taking up their posts, the arbitrators shall receive the case file from the Labor Authority, including an assessment of the union proposal and the report, if any, on the company's economic and financial condition.

The arbitrators are free to order or demand expert reports, studies, public and private documents owned by or in the possession of the parties or of third parties and, in general, obtain any necessary background information from institutions or organizations whose opinion may be useful to them in making a decision.

Article 54. The proposal of the parties may contain an assessment of its economic impact, corroborated by a licensed professional, and may append complementary information that supports the proposal.

Article 55. The arbitration procedure is, in principle, oral, straightforward, prompt, immediate, and fair. The arbitrators are empowered to promote direct agreement between the parties.

The arbitrators do not represent the interests of the party that designated them and must discharge their functions with strict impartiality, ethics, and absolute discretion.

Under no circumstances may attorneys, advisers, representatives, proxies, or in general, individuals who have or have had a relationship with the parties or a direct or indirect interest in the outcome, be arbitrators. Nor may current public officials or public servants who may hold a position of confidence or a managerial post, unless the arbitration has been entrusted to a State agency.

The fees paid to the arbitrators are agreed upon between them and the parties.

Article 56. The arbitrators may ask the Ministry of Labor and Social Promotion or experts to assess the proposals of the workers and the employers. Their report, duly substantiated, shall be made available to the parties so that they may formulate observations within a period of three days.

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The absence of a report does not exempt the arbitrators from issuing their decision within the legally established time frame.

Article 57. The arbitration process shall not exceed 40 working days, calculated from its start. During this period the arbitrator or Arbitration Panel may summon the parties separately or together to clarify or further specify their proposals.

During the five final days of the process the arbitrators shall summon the parties to inform them of their decision.

Article 58. The ruling must embody the final proposal of one of the parties in its entirety and may not propose a different solution or combine points from the two, under penalty of nullity.

If the arbitrators deem that both proposals are manifestly extreme or exaggerated, they shall summon the parties and urge them to moderate their positions, cautioning them that otherwise they must necessarily proceed in the manner provided for in the previous paragraph.

Article 59. At the request of one of the parties, formulated within one working day after notification of the decision, or on their own initiative, within the same time frame, the arbitrators may correct factual, numerical, calculation, typographical, or other similar errors.

The correction is made in writing within three working days following receipt of the request. The correction is part of the decision.

Article 60. The decision may not be appealed and is binding on both parties.

It is not open to judicial challenge, except on grounds of nullity provided for in this law. The filing of a challenge does not prevent or delay the execution of the arbitration decision, barring a resolution to the contrary from the appropriate judicial authority.

The decision is executed by the respective labor court.

Article 61. The arbitration decision is null and void if:

a) It is rendered on union leaves of absence or released time, unless both parties have so requested.

b) It has not been issued within the time period indicated in Article 57.

c) It does not embody in its entirety the final proposal of one of the parties, it combines points from the two proposals, or it rules on issues that have not been the subject matter of the bargaining.

d) It establishes weaker rights than those provided for in the Constitution or the law for the benefit of the workers.

Article 62. The challenge provided for in Article 60 must be filed with the Labor or Combined Division of the Superior Court within eight working days following notification of the decision or, as the case may be, the clarification; a copy for the other party and for the arbitrators must be attached.

The parties may submit their pleadings within three working days after the case file is received at the Incoming Documents Office. This period having passed, the division shall render a decision based solely on the case file within the ensuing ten working days.

An appeal may be filed within three working days following notification of the ruling. The Constitutional and Social Law Division of the Supreme Court of the Republic shall rule solely on the basis of the case file within 15 working days after it is filed.

If the arbitration decision is declared null and void, the jurisdiction of the arbitrators is automatically extended so that they can issue a new decision, in accordance with the pertinent court decree, within ten calendar days. The new arbitration decision shall conform to the ruling.

In the event that the Arbitration Panel cannot be constituted or that a single arbitrator cannot assume the obligation, the procedures set forth in Articles 51 and subsequent articles of this law shall be followed.

Article 63. Engaging in illegal acts or employing violence against persons or things is valid grounds for suspending all bargaining and an impediment to arbitration. An agreement entered into by the parties or a decision issued under pressures arising from such acts is irreparably null and void.

Article 64. At all times the parties maintain the right to assemble, on their own initiative or at the suggestion of the Labor Authority, and to agree on whatever they deem appropriate. In addition, they may resort to any valid means of peacefully settling their dispute.

An accord arising from conciliation or mediation and a decision that marks the end of arbitration have the same status and elicit the same effects as directly adopted agreements and mark the end of collective bargaining.

Article 65. The items not agreed upon or not resolved in a proposal of demands lapse 12 months after the proposal is submitted or when a new one is submitted, whichever comes first.

Title IV

Strikes

Article 66. A strike is a collective suspension of work agreed upon by a majority of workers and undertaken

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voluntarily and peacefully, with their departure from the workplace.

Article 67. The exercise of the right to strike does not mean an unannounced shutdown; a shutdown of vital areas or sections of the company; work done reluctantly, at a slow pace, or by the book; a deliberate reduction of productivity, or any other type of stoppage in which the workers remain in the workplace, obstruct entry or exit, or resort to violence.

Article 68. The declaration of a strike requires:

a) That its purpose be to defend rights and professional interests of the workers included in it.

b) That the decision be made by democratic procedures.

In this regard:

i) When all workers included in the dispute, whether unionized or not, are called on to strike, a decision made by an absolute majority is binding on all.

ii) If only the members of a union are called, the decision is binding only on them.

Under no circumstances are managerial employees or those who hold positions of confidence involved in this decision.

c) That it be communicated to the employer and to the Labor Authority at least five working days in advance or ten days in the case of essential public services, with the following also attached:

i) A copy of the tally sheet with the names and signatures of the workers in attendance, as well as a list of the workers who must continue working, in the case of essential services and the case provided for in Article 71 of this law.

ii) Detailed information as to the scope of the strike, the grounds therefor, its duration, and the time and day it is scheduled to begin. If no duration is indicated, it is understood to be for an indefinite period.

iii) A sworn declaration from the union's Board of Directors specifying that the decision has been made in compliance with the requirements indicated in clause b) of this article.

d) That the collective bargaining not have been submitted to arbitration.

Article 69. In the case of strikes called by activity or trade unions, whose assembly consists of delegates, the decision to undertake a work stoppage is subject to ratification by the rank and file, which must be carried out in accordance with the formalities provided for in the previous article.

Article 70. Within three working days of receiving the communication, the Labor Authority shall proceed to evaluate it.

If the requirements indicated in the previous articles have not been fulfilled, it shall be declared inadmissible in a ruling that may be appealed within three days of notification. The ruling on appeal must be rendered within the following two days, under penalty.

The ruling must indicate precisely the requirements that have not been met.

Article 71. A strike declared in keeping with the provisions of Article 67 does not require a pronouncement from the Labor Authority and has the following effects:

a) It causes total nonparticipation in company activities, except in the case provided for in point ii) of clause b) of Article 67. Managerial personnel, workers in positions of confidence, and those mentioned in Articles 72 and 73 are excepted.

b) It suspends the effects of individual employment contracts, including the obligation to pay compensation, without impairing the continuance of the labor relationship.

c) It prevents machinery, raw materials, or other goods from being removed from the workplace in the cases indicated in clause a), barring exceptional circumstances with the prior knowledge of the Labor Authority.

d) It does not affect time of service for the purposes of compensation for time of service and vacation, but is not computed for profit-sharing purposes.

Article 72. Those services that are indispensable to the company and whose shutdown would endanger persons, safety, or the preservation of assets or prevent the immediate resumption of the company's ordinary activities once the strike is over, are exempted from the suspension of activities.

Article 73. Whenever the strike affects essential public services or whenever the performance of indispensable activities must be ensured, the striking workers must guarantee the continued presence of the personnel needed to prevent the total interruption of such activities and to ensure the continuity of services and activities that so require.

The companies covered by this article shall in January of every year inform their workers or the union organization representing them and the Labor Authority or the National Institute of Public Administration, or whatever agency may replace it, as appropriate, of the number and occupation of the workers needed to maintain the

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services, of the hours and shifts they must work, and of how often they must relieve each other.

The purpose of this information is so that the workers or the union organization representing them can duly furnish the respective list when the strike occurs. In the event of disagreement as to the number and occupation of workers who must appear on the list mentioned in this article, the union organization may appeal to the appropriate labor judge, within 30 working days after receiving the list, so that after hearing the parties he can rule accordingly. The ruling may be appealed within three days to the corresponding Labor or Combined Division, which shall rule without further proceedings on the merits of the case within the same time frame.

Article 74. The following are essential public services:

a) Health care

b) Cleaning and sanitation

c) Electricity, water, sewerage, gas, and fuel

d) Burials, inhumations, and autopsies

e) Prisons

f) Communications and telecommunications

g) Transportation, until the completion of the trip begun

h) Port services

i) Administration of justice

j) Strategic services or services connected with national defense or security

k) Those services the interruption of which may endanger human life, safety, or health

Article 75. A strike is illegal if it is held even though it has been declared inadmissible in a final ruling. In this case, it is illegal by operation of law when the stoppage takes place, no further ruling being necessary. It may also be declared illegal:

a) If violence is done to property or persons during it.

b) If any of the circumstances provided for in Article 67 arises.

c) If the workers fail to comply with the provisions of Article 72 or Article 73.

d) If it is not lifted after notice is given of the decision or ruling that puts an end to the dispute.

A strike shall be declared illegal, automatically or at the request of one party, within two days of the events in a ruling that may be appealed. The ruling on appeal must be issued within two days at the most.

Article 76. The resolution declaring a strike by public servants illegal shall be issued at the administratively appropriate level. Any appeal shall be settled by the highest administrative level.

Article 77. A strike ends:

a) By decision of the workers, communicated to the employer and to the Labor Authority at least 24 hours in advance, unless the employer agrees to their resumption of work without need for such a requirement.

b) By an agreement between the parties.

c) When the substantive dispute that prompted it ends.

d) If it has been declared illegal in a final ruling.

Article 78. Once a strike has been declared illegal in a final ruling, the workers must return to work the day after the employer so requests of the workers as a group by posting a notice in a clearly visible spot on the main door to the workplace, with the attestation of a notary or a justice of the peace or, in their absence, the police.

Temporary Provisions

First. The offices of the Public Registries must establish the Registry of Union Organizations in the Book of Associations of the Registry of Juridical Persons referred to in Article 2024 of the Civil Code. The Ministry of Labor and Social Promotion shall, within 90 days, send a list of and background information on current, active unions, for their immediate and automatic inclusion in the Registry of Union Organizations in the appropriate district.

Second. Collective bargaining currently under way must conform to the provisions of this law, regardless of its status.

Third. In a Supreme Decree the Executive Branch shall issue the regulations governing this law within a period not to exceed 90 calendar days.

Final Provision

In accordance with the provisions of Article 1 of the Preliminary Title of the Civil Code, Decree Law No. 25593 of 2 July 1992 and any other provisions that contravene this law are hereby expressly repealed, and Supreme Decree No. 011-92-TR of 15 October 1992 and Supreme Decree No. 009-93-TR of 8 October 1993 are hereby annulled.

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Venezuela

Roundup of Venezuelan Economic Developments

PA1907002395

[FBIS Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 18 July.

The Corimon company has disclosed its figures for the 1994-1995 period ending 31 March 1995 and announced the sale of 88.57 percent of Oxidor (Organic Oxidation Company) stocks to Ferralca for approximately $6 million. Corimon's consolidated net sales for the 1994-1995 period reached 41.409 billion bolivares (approximately $242 million), and the company registered a net profit of 96 million bolivares. (Caracas EL UNIVERSAL in Spanish 11 Jul 95 p 2-2)

Venezuelan Petroleum Inc. (Petroven), a subsidiary of Lagoven Inc., has reported that its tax contribution for the first semester of 1995 was 203 billion bolivares, a 136 percent increase compared to the same period in 1994. Lagoven's net profits during the first semester reached 112 billion bolivares, a 646 percent increase compared to the same period last year. A 10 percent production increase and an 8 percent cost reduction were responsible for this increase in profits. (Caracas ECONOMIA HOY in Spanish 11 Jul 95 p 10)

The Central Statistics and Data Processing Office (OCEI) has reported that Venezuelan imports reached $3.956 billion from January-May 1995, a 16.5 percent increase compared to the same period in 1994. May imports reached a record $1.1 billion. The percentage of total imports per sector were reported as follows: machinery and electrical equipment (24.8 percent); chemical products (15 percent); transportation materials (12.5 percent); agricultural materials (9 percent); metals (8.7 percent); and food, drinks, and tobacco (5.4 percent). The private sector imported 85.2 percent of the total. (Caracas EL NACIONAL in Spanish 12 Jul 95 p E-2)

A 13 July, Caracas-datelined report states that Venezuelans imported only 970 automobiles during the first half of 1995, an 84.08 percent drop compared to the same period in 1994, according to the figures released by the Venezuelan Chamber of the Automobile Industry. Cavenez has reported a total of 37,787 automobiles, of which only 970 were imported, were sold in Venezuela during the first semester. (Paris AFP in Spanish 1754 GMT 13 Jul 95)

According to a 13 July, Caracas-datelined report, the president of the Venezuelan Council of Industry has said bilateral trade with Mexico is on the rise despite the fact both countries are going through a major crisis. Bilateral trade amounted to approximately $400 million in 1994. A 20 percent increase is estimated for 1995, according to official estimates. (Mexico City NOTIMEX in Spanish 1538 GMT 13 Jul 95)

It has been learned the Italian multinational Parlamat has purchased 80 percent of the company stocks of the state-owned company Venezuelan Dairy Industry (Indulac) for $27 million, states a 13 July, Caracas-datelined report. (Mexico City NOTIMEX in Spanish 1641 GMT 13 Jul 95)

Lagoven Inc. is building a plant for the recovery of sulfur at its Amuay refinery in Paraguana, Falcon State, to reduce the emission of sulfur dioxide and to help protect the environment. (Caracas EL GLOBO in Spanish 13 Jul 95 p E-2)

The public treasury and Petroven have reported shared losses of 75 billion bolivares in 1994 due to government gasoline subsidies. Fuel prices have been frozen at 5.63 bolivares per liter since 1992. The government and Petroven must absorb the difference between the production cost and the sales price, approximately 6.88 bolivares per liter. The government must take steps soon to balance these losses or face even greater losses in 1995. (Caracas EL NACIONAL in Spanish 13 Jul 95 p E-1)

Venezuelan Petroleum Corporation, a Petroven subsidiary, has established a Latin American drilling record, reaching a depth of 13,970 feet by using a "horizontal perforation" technique, which increases crude production five-fold. The technique has increased crude production from 300 to 1500 barrels per day. (Caracas EL GLOBO in Spanish 13 Jul 95 p E-2)

In compliance with Presidential Decree No. 407, the intervened Maracaibo Bank restructured 637,123,386.36 new pesos in loans it has given to the Small- and Medium-Sized Industry (PYMI), which includes 33 companies. The refinancing seeks to boost the working capital of companies deemed recoverable that are having cash flow problems. The restructuring includes refinancing for a seven-year period, of which two years are a grace period. Interest will be paid at 50 percent of the average active interest rate charged by the top six banks in Venezuela. (Caracas ECONOMIA HOY in Spanish 13 Jul 95 p 13)

According to the Mexican ambassador to Venezuela, Mexico has invested more than $60 million in Venezuela, and new investments are planned. (Caracas EL NACIONAL in Spanish 14 Jul 95 p E-12)

Fedeagro (National Federation of Agricultural-Livestock Producers) has reported that agricultural imports increased 20 percent during the first semester

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of 1995. Fedeagro has said the government has to establish a coherent agricultural policy in order to make the sector competitive by promoting loans and financing crops. Fedeagro also has reported that corn production has dropped and that Venezuela will have to import the grain. (Caracas Venezolana de Television Network in Spanish 0200 GMT 14 Jul 95)

From 10 to 14 July, Venezuelan crude prices dropped 10 cents compared to the previous week's average price; that is, from $13.26 to $13.16 per barrel. Regarding OPEC prices, from 10 to 14 July the average price per barrel was $15.77, compared to $15.38 per barrel the previous week, a slight drop of 8 cents per barrel. The International Energy Agency has reported that Venezuela produced 2.362 million barrels of crude per day, which is over its OPEC quota of 2,359 million barrels per day. (Caracas EL GLOBO in Spanish 15 Jul 95 p E-1)

A 17 July, Caracas-datelined item reports the Foreign Trade Institute (ICE) has annoucned that nontraditional exports increased by 21.9 percent during the first four months in 1995. Total exports reached $1.495 billion during the first four months of 1995 compared to $1.269 billion during the same period last year. The largest share in exports was in metals (38.3 percent), chemical products (23.3 percent), and transportation materials (9.8 percent). Of total exports, $424 million went to Colombia, $363 million to the United States, and $90 million to Japan. (Mexico City NOTIMEX in Spanish 1832 GMT 17 Jul 95)

According to a 17 July, Caracas-datelined report, the Venezuelan Chamber for Construction (CVC) has stated that the leading indicators for the sector during the first semester of 1995 were negative and has assured the negative trend will continue during the next six months. Housing construction fell 15 percent, and unemployment in the sector was 30 percent. The cost of construction materials rose 3.3 percent. (Mexico City NOTIMEX in Spanish 1430 GMT 17 Jul 95)

Maraven, a subsidiary of Petroven, has reported that demand for liquid fuels in Venezuela during 1994 was estimated at 387,000 barrels per day. A breakdown of demand per region is as follows: the western region, 31 percent; the metropolitan area, 23 percent; the central region, 26 percent; and the eastern region, 20 percent. (Caracas ECONOMIA HOY in Spanish 17 Jul 95, p 4)

A Softline Consultants report has revealed that the commercial bank investment portfolio increased 100 percent during the first semester of 1995. In June 1994, investment in stocks and bonds was 520.667 billion bolivars. This figure increased to 1.043 billion bolivares during the first semester of 1995. Commercial banks had liquid assets of 46.040 billion bolivars in June. Investments in stocks are 31.27 percent of the assets of commercial banks. Of 37 banks constituting the banking system, 22 have positive indicators. Fifteen banks are still in the red. Total banking deposits reached 2.736 trillion bolivares. Savings represent 35.9 percent of this total. (Caracas EL NACIONAL in Spanish 17 Jul 95 p E-1)

Banco Provincial has invested 280 million bolivares in the purchase of public debt bonds emitted by the Central Bank of Venezuela. The bank's policy is to invest in consumer credit and to finance the agricultural sector. (Caracas Venezolana de Television Network in Spanish 0200 GMT 18 Jul 95)

Guyana

Army Denies Reports of Venezuelan Border Alert

FL1907011095 Bridgetown CANA in English 1929 GMT 18 Jul 95

[FBIS Transcribed Text] Georgetown, Guyana, July 18, CANA — The Guyana Defence Force (GDF) Tuesday stoutly denied a front-page report in Tuesday's privately-owned STABROEK NEWS alleging that the Army was on alert. The STABROEK NEWS reported the Army had been put on alert following reports of violent clashes between small-scale miners, employees of foreign companies, and Venezuelan soldiers attempting to evict the miners at the Venezuelan border town of El Dorado, near the Guyana border. These miners are usually from Brazil, Colombia, Venezuela, and Guyana.

"I would like to state quite categorically that the defence force is not on any border alert. The headline in the STABROEK NEWS is grossly misleading and inaccurate and does not represent what is in fact happening," Army spokesperson Major Bruce Lovell told CANA during a telephone interview.

A report in the state-owned GUYANA CHRONICLE last Sunday had quoted an international news agency as saying Venezuelan Army units forcibly evicted hundreds of small-scale miners digging on private property last Wednesday. The miners then regrouped and raided a military store in the town of El Dorado, which resulted in serious injury to 12 miners and the arrest of 17 in subsequent clashes.

STABROEK NEWS quoted a "senior officer" in the Army as saying that the situation was unprecedented in the region.

"The Guyana Defence Force is conscious of the security implications for Guyana when the Venezuelan military evict the small scale miners who are found on private

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property there," said Major Lovell. The officer said the Army was aware miners would move to new areas, as was the case in the mid-eighties when the Venezuelan military evicted the Brazilian Garimpeiros (small scale illegal miners) who subsequently moved to Guyana. The Army spokesman said the Army was aware that these miners could re-locate to Guyana and was keeping close watch on the situation, bearing in mind that, "what we have found is that ... wherever there is illegal mining, it is also accompanied by trafficking in illegal drugs and arms. Even though we are not on alert, we are alive to the security implications that will arise when the Venezuelan military evict the illegal miners in that country," Lovell said.

Scores of gold prospecting foreign companies had set up operations in the Bolivar state, near the border with Guyana's western neighbour, after state authorities had granted them mining rights.

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